



# ANNUAL REPORT 2020

# CONTENT

	Pages
CHAIRMAN'S STATEMENT	2
POLICY AND BUSINESS OVERVIEW	3
BUSINESS OPERATION	7
RISK FACTORS	10
CORPORATE INFORMATION	15
SHAREHOLDER STRUCTURE	17
DIVIDEND PAYMENT POLICY	19
COMMITTEES AND MANAGEMENT STRUCTURE	20
GOOD CORPORATE GOVERNANCE	39
CORPORATE SOCIAL RESPONSIBILITIES	69
AUDIT COMMITTEE'S REPORT	91
INTERNAL CONTROL AND RISK MANAGEMENT	93
CONNECTED TRANSACTION	94
FINANCIAL INFORMATION	98
MANAGEMENT DISCUSSION AND ANALYSIS	99
REPORT REGARDING THE RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORT	106
AUDITORS' REPORT	107

“The investor can find more information of the Company from Annual Registration Statement (Form 56-1) at [www.sec.or.th](http://www.sec.or.th) or the Company's website.”

## Message from Chairman of the Board of Directors

The year 2020 had been a challenging year for Maybank Kim Eng Thailand (MBKET). The pandemic of COVID-19 upset Thai and the world economy including earnings of the listed and non-listed companies in the Stock Exchange of Thailand (SET).

Global central banks implemented monetary policy by injecting liquidity into the system which helped stimulate stock markets around the world. At the same time, Securities and Exchange Commission of Thailand and SET issued measures to stabilize the stock market.

Throughout the year, MBKET had made significant adjustments to comply with broad country lockdown measures, especially working from home without compromising our excellent customer service. The company apologized for any inconvenience this may have caused during the initial stage.

With our staff's strong collaboration, MBKET had a quick adaptation and efficacy resulted in the 90% increase in profit from the previous year. Such effort reflected in the 38% increase in trading volume. Needless to say, MBKET securities trading performance is now number two on The Stock Exchange of Thailand.

The Board of Directors emphasizes the importance of sustainable performance by focusing on our strategic plan which builds upon our strengths. MBKET can offer varieties of services through our regional wide brokerage network along with Maybank, our parent company, whose operation covers many Asian countries. In 2021, we launch the Wealth Management Service, enhance the efficiency of MBKET's existing businesses, and invest in new technologies to provide better services to our customers.

Maybank Trade, a mobile application introduced last year, provides clients the convenience to trade on the digital platform. This year, we will further enhance trading services in foreign stocks, mutual funds, derivatives, stock borrowing and lending. Clients are now able to view all related researches and retrieve real time data anytime.

With a strong commitment in good corporate governance, MBKET had been awarded as follows: Best Retail Broker Thailand 2020 and Best Broker in Southeast Asia from 2007 to 2020 from Alpha Southeast Asia Awards.

Best Investment Analyst Award 2020 from Investment Analysts Association (IAA) for Individual Investors; and Best Analyst Awards for Outstanding Research Team in various fields.

Excellent score from Thai Institute of Directors for good corporate governance and transparency.

Rating AA (tha)/F1 + (tha) by Fitch Rating Institute (Thailand) similar to many leading banks.

Maybank Group has practiced the principle of "Sustainability-First Agenda" and exercised it throughout our organizations and businesses.

On behalf of the Board of Directors, I would like to express our sincere gratitude to all customers, financial institutions, and business partners for your trust in MBKET. I highly appreciate the management team and all employees for their good work and dedication. The company will strive our businesses and operations towards prosperity and excellence.



Dr. Areepong Bhoocha-oom  
Chairman of the Board of Directors



- **Vision, Objective, Business Strategy**

**Vision:**

Advancing ASEAN's ambition with you.

- **Mission:**

Our mission is to deliver a superior investment services to our customers, through intelligence, pro-active ideas and efficient access.

- **Business Strategy:**

In 2020, the Company adhered to the vision and mission and continued to move forward with the MKET 2.0 strategy, a 3-year strategic plan from 2019. The Board of Directors also took part in formulating the vision, mission and strategy as well as overseeing and monitoring management to bring the strategy into practice successfully. The aim is to aggressively develop business to improve operational systems while adding various services to be able to compete among the industry. It also provides new services to the customers for maximum benefit by focusing on development in every area, focusing on becoming a successful organization into the world of Digital Transformation. This year, the Company continued to achieve outstanding performance and won many awards such as the "Best Retail Broker Thailand 2020" and "Best Broker in Southeast Asia 2007 - 2020" from Alpha Southeast Asia Awards 2020.

- **Value of employee:** With a belief that the significance factor for our business is human resource, the Company therefore has its policy to take good care of our employee, not only in the fringe benefit under the Securities and Exchange Commission's rules, but also supporting our employee in academic and research to create suitable investment opportunities for our customers. Moreover, during the pandemic of COVID-19, the Company has released various preventive measures to take care of our employee by contemplation of health and safety as major concern.

- **Technology Development:** The Company has realized the significance of internet trading has been increasing continuously. The Company therefore focuses on development of Internet Trading technology to provide customers both retail and institution with more confidence in their investment, convenience, ease of use, speed and accuracy in order executions. This year, the Company has developed a mobile application called Maybank Trade. The latest application developed by Maybank Kim Eng Securities (Thailand)'s development team, combining investment ideas with investment behavior of individual customers (Personalization) to best meet the investment needs of each customer with accuracy, speedy and directly. Refer to the concept of the Maybank Trade application "Better Faster Easier" by adding the outstanding features that satisfy investors include a vast collection of key information whether it was market overview, price, the stock analysis, top pick, ATO Live, updating investment news every Monday through Friday. Portfolio with ultramodern design and intelligibly, presenting investment results in graph format, reflecting the account overview based on the actual market price. It is such a convenient for investors in selling short stocks, SBL through this application. It has received good response from the customers and users.

- **Research Development:**

Research department has continuously developed and maintained the standard of research results. On a daily basis, the updated information, hot news focusing on investment and in-depth report on each sector are served to investors directly on ATO (At The Open) Live during 8.30 am - 10.15 am every Monday through Friday that can be viewed through Facebook, Youtube channel and on the application Maybank Trade. The ATO Live daily research via online channel continues to create a phenomenon of popularity, the viewers increased to 50 percent. Position a new record of 3,000 viewers per day, as well as, there are over 10,000 views over 24 hours in each clip. With a presentation style that is easy to understand and the sincere interaction with investors, As a result, ATO program is number one popularity ranking in Thailand now.

The research team has elevated its presentation to the world that full of Digital Research through live program and info graphic formats. The information is adjusted in the format that easily to use and understand through Maybank Trade application which delivered to investors directly which is considered a fast new dimension. The Company will present this information on Facebook and Line application in term of expanding new customer base.

In addition, our research team have summarized the research in the form of “Portfolio Model”, the investment model for clients to consider the appropriate investment. The options come in 2 styles, “Sai Jai and Rai Jai”. In 2020, YTD yields satisfactory at 28.30% and 42.30%, respectively, with the following principles of stock selection as follows:

“Rai Jai”

- Select to invest in Thai stock market.
- The number of common share shall not exceed 10 shares.
- The investment ratio is 10% of the investment in the portfolio model.
- A daily presentation of the equity and cash ratio in the portfolio model that the Stock Exchange of Thailand operates.
- Present support and resistance.
- Focus on investment based on momentum by using quantitative analysis, technical factor, fund-flow and public information.

“Sai Jai”

- Select to invest in Thai stock market.
  - The number of common share shall not exceed 10 shares.
  - The investment ratio is 10% of the investment in the portfolio model.
  - A daily presentation of the equity and cash ratio in the portfolio model that the Stock Exchange of Thailand operates.
  - Rationale factors for investment decision.
  - Focus on investing individual stock analysis which is linked with market momentum.
- **Knowledge for Investors:** The Company has established Maybank Academy offering various training courses and seminars on several topics. A series of training courses and seminars were held continuously throughout the year to educate customers, investors and general public. Urging them to become a professional investor. This year, we put more emphasis on virtual seminars. Due to the pandemic of COVID-19, the Company therefore avoids organizing seminars or events that involve large crowds in respect to prevent the spread of COVID-19 strictly adhering to government measures. The aim is to disseminate investment knowledge such as techniques to scan stocks after announcement of financial statements, foreign investors, trading stocks through mobile application, how to select the appropriate stocks for new account opening. Not only to provide knowledge to customers and investors but also considered as means to expand the company’s customer base through another channel.
  - **Developing the Investment Banking** to be ready and become a leader in term of financial service to cover client’s need in the scope of capital market, bond, IPO and listing, merging and acquisition, offering tailor made financial services to each corporate client, REIT and IFF investment opportunity for institution and retail clients.
- With a greatness on the development of knowledge and abilities of the investment banking team continuously.



- **Issuing Future contract.** The Company expanded new products to meet the needs of customers in each group such as Single Stock Futures, Block Trade, Silver Online futures and Japanese Rubber Futures. Moreover, there are some activities such as TFEX Trading Challenge 2020 and TFEX through trading competition from real investment portfolios. As a result, the investors therefore can experience the competition in real situations along with growing investment portfolios with a wider variety of investment tools.

- **New product launched “DW42”.** The Company allocates investment budget to develop operating systems and create liquidity for derivative warrants products (DW42) continuously to enhance good service for customers along with the most special promotion. A new product called DW42 based on individual stock and indices are released consistently more than 150 models which contain outstanding features that resonate with customers. For both categories to gain alternatives for investors as follows:

- 1) The highest gear bearing on the market.
- 2) Time decay lowest in the market

The Company accelerates the development of DW42 to become the future DW market leader in nearly future. The Company also provides special promotions and ongoing marketing activities.

- **Currently, the Company has total 30 branches (excluding headquarters) nationwide, divided into 15 branches in Bangkok and 15 branches in provinces.**

- **Significant Change and Evolution**

Maybank Kim Eng Securities (Thailand) Public Company Limited (the “Company”) named previously “Kim Eng Securities (Thailand) Public Company Limited” formerly changed from “Nithipat Securities Company Limited” incorporated on April 3, 1996 with its first capital THB1,000 million. The separation of the business from capital business and securities business of Nithipat Capital and Securities Public Company Limited, Nithipat Finance Public Company Limited hold the 99.99% sold shares of Nitipat Capital and Securities Company Limited. On August 14, 1996 had gained the transferred of assets and liabilities related to securities business including the Stock Exchange of Thailand’s membership No. 42 from Nithipat Capital and Securities Public Company Limited which had been agreed from Securities and Exchange Commission of Thailand (SEC) and started to operate securities business onwards.

Economic crisis in 1997, closing of 56 Financial Institutions following to government announcement on August 8, 1997 concerning to closing the business of Nithipat Finance Public Company Limited who was the parent Company of our Company. However, the Company was still had its operation under the supervision of Financial Sector Restructuring Authority (FRA) before changing the major shareholders. Kim Eng Holdings Company Limited who was incorporated in Singapore and hold major shares in securities firms under Security of Exchange market in Asia and had its network across countries and finally, become listed company in Security of Exchange in Singapore, won bidding to buy Nithipat Securities Company Limited (Nithipat) from FRA and became a shareholders and management of the Company.

On January 1, 2002 the Company had signed in the Transferred Asset Agreement for obtaining the assets from Yuanta Securities (Thailand) Company Limited which had been merged with Yuanta Securities (Thailand) Company Limited.

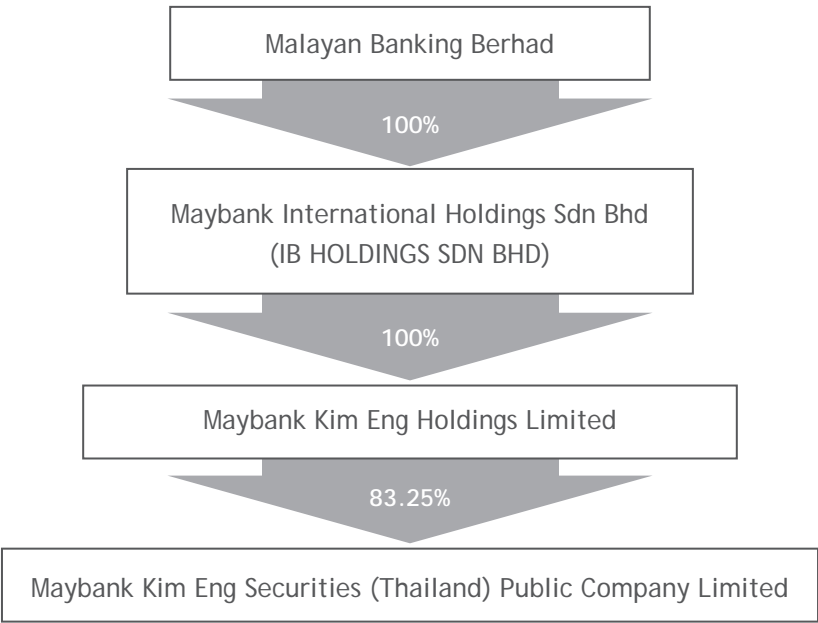
On October 17, 2002, the Company had converted itself into Public Company Limited, in the same time had changed its name to be “Kim Eng Securities (Thailand) Public Company Limited. The Company had registered in the Security Exchange of Thailand and our ordinary shares had been traded on December 3, 2003 afterward.

In 2007, the Company obtained the permission from Ministry of Finance (MoF) to set up the Asset Management Company and also launched the Exchange trade Fund (ETF) with refer to SET 50 index which was the first fund of Thailand under the name “TDEX”. On May 18, 2007, KEST Guardian Asset Management Company Limited was incorporated (after known as Kim Eng Asset Management Company Limited and Maybank Kim Eng Asset Management Company Limited, respectively). However, the Company sold the shares to Maybank Asset Management Group Berhad on March 21, 2013 and in August 2016, Maybank Asset Management Group Berhad sold the shares out which result presently Maybank Group has no asset management business in Thailand.

In 2011, Maybank IB Holdings Sdn. Bhd. (currently known as Maybank International Holdings Sdn. Bhd.) had bought 100% ordinary shares of the Kim Eng Holdings Company Limited (currently, Maybank Kim Eng Holdings Company Limited) which was the major shareholders of the Company proposed buying ordinary shares of the Company in amount of 27.99% (excluded treasury stock) and restructure the shareholder structure. Maybank Kim Eng Holdings Company Limited became our major shareholder which holds 83.25% shares.

- **Relation of Group Business of Major Shareholder**

Our securities business is a part of business in MALAYAN BANKING BERHAD who operates Finance Institutions in Malaysia by holding its shares on Maybank Kim Eng Holdings Singapore in amount of 83.25% of the total issued shares and its shareholder structure as of the latest book closing date of the Company on August 28, 2020 as follows:



The MALAYAN BANKING BERHAD Group has its professional management team. MALAYAN BANKING BERHAD had appointed its management to be Directors of the Company with the objective to jointly outline the various operational policies.



- **Revenue Structure**

Revenue structure of the company as per the Financial Statements for the years 2018 - 2020 is as follow.

Revenue	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Securities brokerage fee	1,571.00	56.32	1,282.93	53.39	1,792.76	63.62
Futures brokerage fee and others	183.60	6.58	138.26	5.75	183.69	6.52
Fee and service income	75.49	2.71	74.12	3.08	139.09	4.94
Gains (losses) on investments	(132.99)	(4.77)	162.81	6.78	293.92	10.43
Gains on derivatives	172.80	6.20	(124.51)	(5.18)	(271.28)	(9.63)
Interest and dividends	221.04	7.92	229.39	9.55	200.77	7.13
Interest on margin loans	640.51	22.96	565.37	23.53	426.68	15.14
Other income	57.92	2.08	74.55	3.10	52.18	1.85
Total	2,789.37	100.00	2,402.92	100.00	2,817.81	100.00

## Market and Business Conditions

- o **Brokerage Business**

The overall securities business in 2020, the Thai stock market achieved a total trading value of THB29.83 (+32% YoY) (excluding Proprietary Trading). MKET's trading value is approximately THB1.89 (+38% YoY), accounting for 6.34% market share, driven by the market's strong volatility throughout the year.

In early 2020, the SET responded strongly to the negative factors of the COVID-19 pandemic, pushing the index down from 1,580 points to hit its low at 969 points (late March 20). This was because the government has issued a national lockdown measure to control the epidemic, along with the policy rate cut to recover the economy (rates cut 3 times in 2020, each time 0.25% to 0.5%, a record low). In addition, a number of measures were introduced to revive the economy. Plus, the SET has controlled short-selling at the Bidding side to reduce market volatility, combined with the SET's valuation that has reached an attractive level. This has boosted buyback pressure in a V-shape pattern in the market, driving the index to hit its highs at around 1,486 points during December '20.

During 3Q20, the market moved sideways downward by -8% from 1) the domestic political uncertainty rose, 2) The return to the old short selling criteria on 1 Oct opens up the risk of an accelerated short-selling pressure, 3) The economy recovered slowly, both from the domestic economic conditions that is highly rely on tourism, including the second wave of COVID-19 outbreaks in many trade partner countries. However, in the period of 3Q20, there was still a small amount of positive news, such as the positive development of the vaccine, combined with additional stimulus from both the US & EU, as well as global central banks continue to emphasise the low interest policy to help heal the economy in the next period.

In 4Q20, the market strongly gained driven by an Election Rally following Joe Biden's victory on the US presidential election. This has raised hope for the next economic stimulus measures. Combined with the positive development of the vaccine, this caused capital flows to flow into the Thai stock market prominently. In November alone, foreign investors net bought over THB40b in the Thai stock market. However, during the last two weeks of the year, the markets became concerned about the second wave of COVID-19 outbreak in Thailand which was found in foreign workers in the Samut Sakhon shrimp market. The SET closed at the end of 2020 at 1449.35 points (-8.26% YoY).



- o The Business of Debt Issuance and Trading

In 2020, the company had issued the bill of exchange (BE) in order to expand its business and support the demand of Margin Loan whole year, the total value of issuance was THB 29,491 million under the condition of exchange term not exceeding 270 days.

- o Financial Advisory and Securities Underwriting Business

Fund-raising activities in the Thai capital market via IPO, real estate investment trust (REIT) and infrastructure fund (IFF) in 2020 were still satisfactory although the country's economy and money & capital markets were ravaged by Covid-19 pandemic. During the past year, total new SET listed companies and mai listed ones is 14 and 12 respectively, with one new REIT and IFF each. Total fund-raising and offering amounts was THB 136,043.88 and 164,671.63 million consecutively.

In 2020, the Company was appointed as the co-financial advisor and co-lead underwriter of IPO of Kerry Express (Thailand) Plc. (KEX), the financial advisor and lead underwriter of IPO of Successmore Being Plc. (SCM). The Company also acted as the financial advisor of Sabuy Technology Plc. (SABUY). In 2020, the Company acted as the independent financial advisor of COL Plc. (COL) and Golden Land Property Development Plc. (GOLD). In 2020, the Company acted as the co-underwriter of IPOs of companies like Central Retail Corporation Plc. (CRC), Micro Leasing Plc. (MICRO), NRF Instant Produce Plc. (NRF), SCG Packaging Plc. (SCGP) and Siamese Asset Plc. (SA).

In 2020, the Company acted as an underwriter of debt securities offered by SET listed companies like JMART Plc. (JMART), JMT Network Services Plc. (JMT), TPI Polene Plc. (TPIPL) and TPI Polene Power Plc. (TPIPP).

In 2020, the Company worked with the Maybank Group in providing debt financings to some SET listed companies for acquisition of foreign assets and assisting a SET listed company to acquire a foreign asset.

The Company's revenue from the financial advisory and underwriting businesses in 2020 totaled THB 139 million, an increase of 87.53% from that of THB 74.12 million in 2019.

- o The Derivatives Agent Business

The Company was granted by the Ministry of Finance a license to operate business as a derivatives agent in accordance with the Derivatives Act B.E. 2546 (2003). As a derivatives agent, the Company has serviced individual clients and institutional clients since the launch of Thailand Futures Exchange (TFEX) on 28 April 2006. Currently, TFEX offers 11 exchanged-traded derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, Gold Futures, Gold D, Gold Online Futures, Silver Online Futures, Interest Rate Futures, USD Futures, Sector Index Futures and Rubber Futures.

For the Year 2020, the total volume on TFEX was 240,387.146 contracts. The average daily volume of SET50 Index Futures was 236,485 contracts, an increase of 35.93% compared with that of 2019 for 173,976 contracts per day. For SET50 Index Options, the average daily volume was 6,990 contracts, an increase of 1.69% compared with that of 2019 for 6,874 contracts per day. For Single Stock Futures, the average daily volume was 195,007 contracts, a decrease of 8.67% compared with that of 2019 for 213,517 contracts per day. For Gold Futures, the average daily volume was 44,464 contracts, an increase of 43.97% compared with that of 2019 for 30,883 contracts per day. For USD Futures, the average daily volume was 11,536 contracts per day, an increase of 318.19% compared with that of 2019 for 2,758 contracts per day. Overall, investors in the derivatives market compose of domestic individual investors that accounted for 48.38% of total volume, domestic institutional investors that accounted for 28.61% of total volume and foreign investors that accounted for 23.01% of total volume.

For 2020, the Company ranked No. 7 for derivatives trading in term of market shares that accounted for 4.25% of the total volume in the derivatives market. The total volume for derivatives traded via the Company was 10,228,361 contracts. The majority of the company's volume is from operating derivatives agent business on behalf of the clients.

The Company has long emphasized expanding its investor base in the derivatives market. It has continuously provided a variety of training courses related to derivatives instruments to its clients and general investors. This is because the Company has always been aware that its long-term success in the derivatives business depends upon investors' knowledge and understanding in derivatives trading strategies, return & risk related to derivatives investment and their abilities to apply derivatives instruments for investing and hedging purposes. The Company aims to grow concurrently with continuous expansion in the number of investors and client bases. Relating to derivatives investment strategies, the Company continues to produce and publicize daily derivatives research papers for technical analysis three times a day before morning session, before afternoon session and before night session. The recommendations of derivatives investment strategies are broadcasted in visual and audio forms via KELIVE TV which the clients can access via the Internet and the clients can watch a morning live program on every business day or can access a recorded program later.

- o Derivative Warrant (DW)

The Company has a credit rating "AA" by Fitch Ratings (Thailand) and is one of the first brokerage houses issuing Derivative Warrant (DW) in Thailand via direct listing method since 2010. In 2020, the Company had issued 151 DWs which earned good responses from investors.

The Company places importance on expanding Derivative Warrants investors' base by developing its website <http://www.maybank-ke.co.th/dw42/> and Line@DW42. The clients are able to research the data regarding DW42 price guideline and DW information from these channels where the price guideline can create confidence to clients that the Company has a system to monitor DW42 price correctly to meet the conditions announced by the Company.



## Risk Factors

### 1. Fluctuations in the conditions of international and domestic economies, money markets

SET's average daily trading value in 2020 was THB 68,606.91 million, a 28.98% increase from that in 2019 resulting from the lower average brokerage commission rate, a low commission rate of the business in the stock market coupled with and the increasingly volatile condition in the securities business causing the Company's securities brokerage revenue was THB1,976.45 million in 2020, a 39.07% increase from that in 2019, the Company's securities brokerage business was adversely affected by intense business competition whilst the local macro economy as well as the money and capital markets were affected by concerns about possible global economic stagnation and trade war between the US and China, both of which are global economic powerhouses and major trading partners of Thailand. They would of course directly and significantly affect the Thai export and tourism sectors.

MBKET has mitigated such risk by providing some parts of compensation made to marketing officers and securities traders that vary with trading volume on the SET to control its fixed operating costs, expanding its brokerage client base to include both individual and institutional clients and generating revenue from a variety of financial advisory services including securities offering, M&A, business takeovers, project feasibility studies, business valuation and securities underwriting. MBKET also engages in other businesses to generate additional sources of revenue such as asset management, private fund management, securities borrowing & lending (SBL) and the derivatives business.

### 2. Risk due to Intense Competition in the Securities Business

Securities business has been a quite highly competitive business, especially in the area of securities brokerage that has long been the Company's major source of revenue. Since the Stock Exchange of Thailand (SET) has changed the brokerage fee structure, the securities brokerage business will be a highly competitive business in terms of securities brokerage fee. To cope with the increasing level of competition in the securities brokerage business, the Company has put extra efforts in improving every area of its service quality, especially Internet trading service. This is because the brokerage fee applied to Internet trading has still been lower than that applied to traditional trading service (In 2020, Internet trading brokerage fee was 54.14% of total trading brokerage fee). Internet trading has thus drawn strong interest from a lot of securities investors. The Company has long focused on providing high-quality services with the aim to maintain and expanding the existing client base. The Company has done so by increasing the quality of research publications, improving and developing skills and capabilities of staff in providing services and recommendations to clients. The Company has continuously upgraded its information system to respond to and satisfy fast-changing client needs. All of these have enabled the Company to be in a good position and well prepared for liberalization of the securities brokerage fee structure that would be effective on January 1, 2012, and thus intensifying competition in the securities brokerage industry.

Financial advisory and investment banking services and fees have also been competitive in terms of both service quality and advisory fee levels. MBKET has provided a variety of financial advisory services including securities offering, independent financial advisory, fund raising, M & A, business takeovers, business valuations etc., focusing on provisions of high-quality services. The Company has continuously developed and upgraded advisory skills of its IB staff, and this enables it to provide high-quality financial advisory services to clients on a continuous basis.

MBKET was also granted a license to operate its business as a derivatives agent in accordance with the Derivatives Act B.E. 2546. It was selected as a member of Thailand Futures Exchange (TFEX) that was launched on April 28, 2006 and Thailand Clearing House (TCH) to operate its business as a derivatives agent. This has helped to expand the Company's source of revenue.

3. In its securities brokerage business, the Company is highly dependent on a small number of large clients.

The Company's top 10 big trading clients accounted for 40.81% of total securities brokerage fee income in the year 2019 and 33.09% in 2020. Had MBKET lost such big trading clients, its securities brokerage fees for 2019 and 2020 would have fallen by 12.07% and 9.30%, respectively. However, the Maybank Kim Eng Holdings Group is MBKET's major shareholder for 10.90% and 8.33% of total securities brokerage fee income in the year 2019 and 2020 respectively. Thus, it is quite unlikely that it will lose such a client. As MBKET has long realized concentration risks, it has thus aimed to increase the number of trading accounts in order to expand its client base. For 2019 and 2020, the number of new client opening account was 3,531 and 6,140 respectively. For 2020, 86.0% of the Company's securities brokerage fees were from retail trading business and the remainder 14.0% from local and foreign institutions. Another source of the Company's operating revenue was from Investment Banking business.

4. Clients may default or delay payment for or transfer of securities and collateral for taking position in futures

For the year ending December 31, 2020, excluding allowance for expected credit losses, the Company's securities brokerage receivables totaled THB 13,510.84 million, consisting of clients' Cash accounts of THB 2,124.91 million, Credit Balance account of THB 10,992.25 million, Securities Borrowing and Lending accounts of THB 93.35 million, and other receivables of THB 264.30 million, with unearned interest revenue of THB 36.03 million. In addition, the Company had derivatives business receivables amounting to THB 41.70 million and other receivables of THB 0.61 million. Such securities and derivatives brokerage receivables are classified as non-performing debts in the amount of THB 263.80 million, accounting for 1.95% of its total securities and derivatives brokerage receivables. Of the total amount of doubtful debt, THB 254.49 million of which belonged to Nithiphat Securities Co., Ltd., was incurred prior to acquisition of the ordinary shares of that company by Kim Eng Holdings Limited in 1998, and THB 9.31 million of which was incurred after the share acquisition by Maybank Kim Eng Holdings Limited. The Company tries to collect all doubtful debts as fast as possible, and if it cannot do so, it will file a lawsuit against the defaulting receivables.

For such non-performing debts of THB 263.80 million mentioned above, the Company established an allowance for expected credit losses of THB 252.68 million. 100% allowance was provided to outstanding debts exceeding their collateral.

In the derivatives agent business, the Company may face the risk that collateral clients put up may not be sufficient to satisfy their debt obligations with TCH. Thus, MBKET, as a derivatives agent, is obligated to follow and collect more collateral from clients to satisfy debts incurred as a result of loss from holding a position in futures. Nevertheless, MBKET has implemented many policies aimed to mitigate default risk as a result of securities and derivatives trading. It has done so by focusing on selecting high-quality clients and specifying trading limits for securities and derivatives that well correspond to securities collateral amount, clients' financial status, their abilities to repay debts, liquidity conditions and investment experience. MBKET has regularly reviewed and closely monitored the receivables' status.

The Company has policy to closely monitor and tight procedure for Thailand Future Exchanges (TFEX) business risk management continuously. For institutional clients, the Company will assess the financial position for both domestics and international clients closely. If clients has financial risk or deficient capital flow, the Company has right to adjust the financial credit for TFEX clients, change the procedure or capital deposit, lower the financial credit which clients possess. For retail client, the Company will reassess the financial status constantly and will monitor clients who is requested to increase the financial deposit or clients who are forced to terminate the status closely.

## 5. Risk Associated with Margin Account under the Credit Balance System

In extending margin loans to securities trading clients, the Company may face the risk that margin clients may default their repayments, especially in the case that value of securities put as collateral falls below their outstanding margin amount. Normally, such repayment default will not occur under the credit balance system as margin clients are required to maintain their maintenance margin in accordance with conditions as prescribed by the Company and relevant regulators. If the proportion of collateral to outstanding margin amount falls below the prescribed ratio, the procedures related to call margin and force sell will apply respectively. Nevertheless, some adverse abnormal situation may occur, thus leading to a sharp decline in the value of securities put as collateral, such that the system of maintenance margin cannot cope with it. To manage this risk, the Company formulates and applies clear and stringent policies in selecting securities allowed to be traded under the margin system as well as prescribing initial margin for such securities. The Company does not allow its clients to trade risky/speculative securities under the margin system. The Company also prescribes ceiling margin amounts for each client in trading particular securities.

Margin loans amounts as of December 31, 2018, 2019 and 2020 were THB 11,904.77 million, 11,145.38 million, and 10,992.25 million respectively. Margin loans amount outstanding may vary each year, depending upon trading activities on the SET. For the period that margin loans amount outstanding sharply increases, the Company realizes the potential risk associated with margin account. The Company complies with policies/measures in dealing with this risk as described in the previous paragraph stringently. In the past, the Company never faced serious damage due to extending margin loans.

## 6. Any failure in computer systems may disrupt the Company's securities brokerage business operations

To operate its securities brokerage business, the Company relies heavily on its computer systems. Business impact analysis has been carried out to identify critical business functions, which in turn will determine critical IT systems that have to be carefully taken care of.

Resiliency and stability have been implemented for identified critical IT systems in many ways as follows:-

- Data backup of critical IT systems has been performed on a daily basis.
- High Availability (HA) is established for key IT components.
- Disaster Recovery (DR) capability has been prepared where required backup servers and software components are prepared and running at a different data center site. DR test to make sure the recovery is within expected duration are carried out at least twice annually.
- Data network redundancy has also been implemented between data centers and between branches to reduce impact if there is problem with one particular network provider.

## 7. As an underwriter, the Company is required to subscribe for unsubscribed securities that may expose it to large losses

In relation to investment banking business in which the Company acts as an underwriter, it assumes an underwriting risk that may require it to purchase any unsubscribed securities for its own account. This may be due to inappropriate pricing and fluctuations in both money and capital markets. If, in the future, the Company is required to purchase underwritten securities for its own account, it may result in significant losses that could have a material adverse effect on its financial condition, particularly the net capital ratio, and its results on operations.

To mitigate this risk, prior to participating as an underwriter for any securities, the Company conducts a study and analysis of the business potential of issuers as well as client interest, and the Company will act as underwriter for securities only with minimal risk of securities under subscription. In case the Company acts as underwriter for securities at significant amounts, approval for securities underwriting from the Underwriting Committee needs to be obtained prior to the Company's acting as underwriter. In acting as underwriter and/or financial advisor, the Company has put emphasis on selecting clients. Prior to accepting any new clients, the Company will conduct a preliminary assessment and due diligence on the business potential as well as financial performance of the clients. The Company's IB staff are well accustomed to relevant applicable law and regulations, and this enables them to provide high-quality and accurate services to clients.

**8. The Company's business may be affected by an error or the misconduct of an employee that is difficult to check and prevent**

The Company's business is highly dependent upon its reputation and the trust of its clients. Employees are regularly in direct contact with clients and have knowledge of, or access to, the clients' assets or information. Accordingly, when an employee does not carry out his or her duties in accordance with a client's orders or acts beyond his or her authority or does not act in compliance with the Company's rules and regulations including its compliance manual or commits misconduct in managing client's assets or uses the client's information without permission or other actions that may harm client interests, the Company's reputation and the trust of other clients may be adversely affected. The Company may also become liable for the losses incurred by the clients in question.

In addition, certain actions may be made in breach of relevant laws or regulations and may result in the Company becoming liable to pay fines, losing its license or being subject to litigation, all of which may have a materially adverse effect on the Company's financial condition and result of operations. To deal with this risk, the Company has regularly monitored working activities of employees and will punish any employee who violates these Company's rules. Also, the Company established clear working rules, actions and procedures that its employees have to follow. Besides, the Company established process appropriate for any employee who fails to comply and/or misconduct as well as increase measures to check and govern to prevent this issue to happen again.

**9. The Company operates its businesses under stringent laws and regulations, including regulations that impose liability on its operations that could have an adverse effect on its results of operations and financial condition**

The securities business is strictly controlled by laws and regulations from government authorities, the Office of the SEC and the SET. As a result, any establishment or change of government policy or of the supervisory roles of the relevant regulatory bodies may affect the Company's goals, competitiveness and business and could have a materially adverse effect on the business, financial condition and result of operations of the Company. Moreover, the Company may incur liabilities resulting from the operation of its business, such as from mistakes arising from the performance of its duties as financial advisor or underwriter or from its failure to comply with steps in accepting securities purchase or sales orders from clients. The Company cannot ensure that if the Company became liable, it would not face serious liability or a possible business license risk, either of which could have serious a material effect on its business and its reputation.

To mitigate this risk, the Company's Compliance Department has closely monitored changes in laws and regulations relevant to the Company's businesses, and will closely control and check operations of each department in the Company to ensure they are in conformance with applicable laws and regulations. It will inform of changes in relevant regulations to all involved departments.



## **10. The Company is highly dependent on staff**

The Company relies on experienced, knowledgeable and skilled employees in its business operations. At present, in a highly competitive business, with a limited number of experienced and skilled staff, there is intense competition to recruit appropriate qualified staff. Should the Company be unable to retain these staff, the Company's business continuity may be affected to the detriment of its financial condition and result of operations.

To counter this risk, the Company has provided its staff with good employee welfare, and long put emphasis on providing training courses for employees with the aim of enhancing employee skills.

## **11. The Company's operations are under the control of the major shareholder**

As at August 20, 2020, Maybank Kim Eng Holdings Limited, the Company's major shareholder, held an 83.25% equity stake in the Company's total paid-up shares. Thus, Maybank Kim Eng Holdings Limited, with more than 50% share held, remains able to control shareholders' resolutions in relation to key matters that are required by laws or articles of association of the Company to be passed by a majority vote of shareholders attending the meetings and entitled to vote, except for matters that are required by laws or articles of association of the Company to be passed by a three-fourths vote of shareholders. Therefore, other shareholders may not obtain sufficient votes to balance those of Maybank Kim Eng Holdings Limited. Nevertheless, the Company has appointed three independent directors that account for 50% of the Company's Board of Directors. They are responsible for monitoring and providing advice on the Company's operations to ensure it has operated transparently and accurately.

Moreover, as a subsidiary of Kim Eng Holdings that has long been well known for its securities business with subsidiaries in Asia, Europe and the United States, MBKET has been widely accepted by retail and institutional trading clients for its expertise and experience in the securities business.

Nevertheless, in the Year 2011, there was a major change in the shareholding structure of Kim Eng Holdings Limited. Maybank IB Holdings Sdn Bhd (currently known as "Maybank International Holdings Sdn Bhd") which has been a part of Malayan Banking Berhad from Malaysia conducted a tender offer for a 100% stake in Maybank Kim Eng Holdings Limited. Such change, however, had no effect on management policy and all staff of the Company.

## **12. The Effect from the emergency situations**

The Company, however, has put emphasis on managing any casualties that might occur with its branches and clients. The Company developed and implemented plans related to safety standards. It also purchased casualty insurance that could cover any casualties resulted from many disasters with the amount of THB 978 million.

In addition, the Company has set Business Continuity Plan (BCP) and alternate site to support continuous operation, in case there is any crisis situation that may affect normal process. Currently, the Company has set up an alternate site at Bang Khae branch where we provide computer equipment, programming system and minimum resources that may be needed for immediate use and conduct testing with various scenarios on an annual basis.



## The Board of Directors

1. Dr. Areepong Bhoocha-oom
2. Ms. Sopawadee Lertmanaschai
3. Mr. Hans Johan Patrik Sandin
4. Mr. Montree Sornpaisarn
5. Mrs. Hamidah Binti Moris
6. Mr. Koh Swee Ong

## Corporate Secretary

Ms. Panut Javalkul

## Head Office

999/9 The Offices at Central World,  
Fl.20th-21st Rama I Rd.,  
Patumwan, Pathumwan,  
Bangkok 10330  
Tel: 0-2658-5000  
Fax: 0-2658-6301

## Auditor

### EY Office Limited

1. Ms. Sirikorn Plernpissiri  
Certified Public Accountant,  
Registration No.5234
2. Ms. Somjai Khunapasut  
Certified Public Accountant,  
Registration No.4499
3. Ms. Wanwilai Phetsangn  
Certified Public Accountant,  
Registration No.5315
4. Ms. Ratana Jala  
Certified Public Accountant,  
Registration No.3734

33<sup>rd</sup> Floor, Lake Rajada  
Office Complex 193/136-137  
New Rajadapisek Rd., Klongtoey,  
Bangkok 10110 Thailand

Tel: 66 (0) 2264 0777  
Fax: 66 (0) 2264 0789-90  
Email: EY.Thailand@th.ey.com

Company Registration No.  
Bor Mor Jor 0107545000314

Homepage/website  
www.maybank-ke.co.th

Securities Registration  
Thailand Securities Depository  
(Thailand) Co., Ltd.  
93 14th Fl., The Stock Exchange of  
Thailand Building,  
Rachadapisek Rd., Din-Daeng,  
Bangkok 10400  
Tel: 0-2009-9379

## Company Offices

- Bangkok and Vicinities

### Head Office

999/9 The Offices at Central  
World, 20<sup>th</sup>-21<sup>st</sup> Fl., Rama I Rd.,  
Pathumwan, Pathumwan,  
Bangkok 10330  
Tel: 0-2658-5000  
Fax: 0-2658-6301

### Ngamwongwan Branch

30/39-50 The Mall  
Ngamwongwan Office Tower  
14th Fl., Ngamwongwan Rd.,  
Bang Khen, Nonthaburi 11000  
Tel: 0-2550-0577  
Fax: 0-2550-0566

### Seacon Square Branch

55 Seacon Square Tower 3 Fl.,  
Room 13057D-1, Srinakarin Rd.,  
Nongbon, Pravej,  
Bangkok 10260  
Tel: 0-2320-3600  
Fax: 0-2320-3610

### Yada Branch

56 Yada Tower 5<sup>th</sup> Fl.,  
Silom Rd., Suriyawong, Bangrak,  
Bangkok 10500  
Tel: 0-2632-8341  
Fax: 0-2632-8395

### Thaniya Branch

52 Thaniya Plaza Tower 20th Fl.,  
Silom Rd., Suriyawong, Bangrak,  
Bangkok 10500  
Tel: 0-2231-2700  
Fax: 0-2231-2130

### Bangkae Branch

275 The Mall Bangkhae Tower  
8th Fl., Petchkasaem Rd.,  
North Bangkae, Bangkae,  
Bangkok 10160  
Tel: 0-2804-4235  
Fax: 0-2804-4907

### Pinklao Branch

7/129 Central Pinklao Tower  
3rd Fl. Room 302,  
Baromratchonni Rd.,  
Arunamarin, Bangkok Noi,  
Bangkok 10700  
Tel: 0-2884-9847  
Fax: 0-2884-6920

### Phahurad Branch

125, 125/1-6, 125/19-25  
The Old Siam Plaza 3<sup>rd</sup> Fl.  
Phahurad Rd., Wangburapapirom,  
Pranakorn, Bangkok 10200  
Tel: 0-2225-0242  
Fax: 0-2225-0523

### Future Park Rangsit Branch

94 Future Park Rangsit Tower,  
Room 091-92 GF Fl., Phaholyothin  
Rd., Prachatipat, Pathumthani  
12130  
Team 1;  
Tel: 0-2958-0592  
Fax: 0-2958-0420  
Team 2;  
Tel: 0-2958-0992  
Fax: 0-2958-0590

### Fashion Island Branch

587,589, Fashion Island Shopping  
Center BF Fl., Ramintra Rd., Khan  
Na Yao, Bangkok 10230  
Tel: 0-2947-5800-5  
Fax: 0-2947-5799

### Watcharapon Branch

78/13 Soi Watcharapon 2, Ta-Rang,  
Bangkhen, Bangkok 10220  
Tel: 0-2363-6736  
Fax: 0-2363-6729

### Lad Prao Branch

1693 Central Lat Phrao Tower  
11th Fl. Phaholyothin Rd.,  
Lat Phrao, Chatuchak,  
Bangkok 10900  
Tel: 0-2541-1411  
Fax: 0-2541-1108

### Sri Nakarin Branch

425, Big C Sri Nakarin, Srinakarin  
Rd., Samrong-Nua,  
Mueang, Samutprakarn 10270  
Tel: 0-2758-7556  
Fax: 0-2383-4510

### Silom Branch

62 Thaniya Building 4th Fl.,  
Silom Rd, Suriyawong, Bangrak,  
Bangkok 10500  
Tel: 0-2231-2700  
Fax: 0-2231-2130

\*closing down wef. 20 Dec 2019

**Sathon Branch**

92/10 Sathonthani Tower 2  
7th Fl. North Sathon Rd.,  
Silom, Bangrak, Bangkok 10500  
Tel: 0-2636-7550-5  
Fax: 0-2636-7565

\*closing down wef. 20 Dec 2019

**The Emporium Branch**

622 The Emporium Tower 14<sup>th</sup> Fl.,  
Sukhumvit Rd., Klong Tun,  
Khlong Toei, Bangkok 10110  
Tel: 0-2664-9800  
Fax: 0-2664-9811

\*closing down wef. 20 Dec 2019

**The Nine Branch**

999/3 The Nine Neighborhood  
Center, 3<sup>rd</sup> Fl., Rama9 Rd.,  
Suanluang, Bangkok 10250  
Tel: 0-2056-7816  
Fax: 0-2056-7815

**Bangkapi Branch**

3105 N-Mark Plaza 3<sup>rd</sup> Fl.  
Ladpraw Rd. Klongchun,  
Bangkapi, Bangkok 10240  
Tel: 02-378-1144  
Fax: 02-378-1323

**The Chaengwattana Branch**

99/9 Central Plaza Chaengwattana  
Office Tower, 14<sup>th</sup> Fl., Unit1401  
Chaengwattana Rd., Bangtarad,  
Pakkret, Nonthaburi 11120  
Tel: 0-2835-3283  
Fax: 0-2835-3280

- **Other Provinces**

**Chonburi Branch**

55/20 Moo 1, Soi Lungsong, Behind  
Central Plaza Chon Buri, Samed,  
Mueang, Chon Buri 20000  
Tel: 038-053-950  
Fax: 038-053-966

**Chanthaburi Branch**

351/8, Tha Chalaep Rd.,  
Talad, Mueang,  
Chanthaburi 22000  
Tel: 039-312-416  
Fax: 039-312-391

**Chiangmai 1 Branch**

244 Chiang Mai Golf Driving Range  
Building, 2nd-3rd Fl. Wowlai Rd.  
Haiya, Mueang Chiangmai 50100  
Tel: 053-284-000  
Fax: 053-284-019

\*closing down wef. 20 Dec 2019

**Chiangmai 2 Branch**

201/3 Mahidol Rd.,  
Haiya, Mueang,  
Chiangmai 50100  
Tel: 053-284-000  
Fax: 053-284-019

**Nakhon Ratchasima Branch**

1242/2 The Mall Department  
Store, 7<sup>th</sup> Fl., Room 3A, Mittrapap  
Rd., Nai-Mueang, Mueang,  
Nakhon Ratchasima 30000  
Tel: 044-288-455  
Fax: 044-288-466

**Phuket Branch**

1, 1/1 Thungkhar Rd., Talad Yai,  
Mueang, Phuket 83000  
Tel: 076- 355-730  
Fax: 076-355-730 Ext. 119

**Yala Branch**

18 Song Phee Nong Rd.,  
Sateng, Mueang, Yala 95000  
Tel: 073-222-324  
Fax: 073-255-329

**Rayong Branch**

351-351/1, TSK PARK, 1<sup>st</sup> Fl.,  
Sukumvit Rd., Nuarn Pra, Mueang,  
Rayong 21000  
Tel: 038-862-022-9  
Fax: 038-862-043

**Lampang Branch**

319 Central Plaza 3<sup>rd</sup> Fl.,  
Highway Lampang-Ngao Rd.,  
Suan Dok, Mueang, Lampang 52100  
Tel: 054-811-817  
Fax: 054-811-816

**Surin Branch**

137/5-6 Sirirat Rd., Nai Mueang,  
Mueang, Surin 32000  
Tel: 044-515-114  
Fax: 044-519-378

**Samut Sakhon Branch**

88/118 Tha-Pong Rd.,  
Mahachai, Mueang,  
Samut Sakhon 74000  
Tel: 034-429-038  
Fax: 034-429-051

**Surat Thani Branch**

216/11 Moo 4 Chonkasem Rd.,  
Makhamtea, Mueang,  
Surat Thani 84000  
Tel: 077-205-460  
Fax: 077-205-475

**Hat Yai Branch**

1, 3, 5 Soi Juti Uthit 3,  
Juti Anusorn Rd. Hat Yai,  
Songkhla 90110  
Tel: 074-237-100  
Fax: 074-239-509

**Ubon Ratchathani Branch**

311 Moo 7 Central Plaza  
Ubonrachathani, Room G3,  
G Fl., Chaengsanit, Jae Ramae,  
Muang, Ubonratchathani 34000  
Tel: 045-422-911  
Fax: 045-422-930

**Khonkean Branch**

238/8, Theparak Rd., Muang, Khon  
Kaen 40000  
Tel: 043-058-900  
Fax: 043-058-901

**Nakorn Sawan Branch**

1/12 Suchada Rd.,  
Pak Nam Pho, Mueang,  
Nakorn Sawan 60000  
Tel: 056-217-140  
Fax: 056-217-149



## 1. Share Capital of the Company

As at December 31, 2020, the Company had a total registered share capital of Baht 2,861,250,000 with total paid-up capital of Baht 2,854,072,500 comprised of 570,814,500 ordinary shares at par value Baht 5 each.

## 2. Shareholders

The Company's major shareholder is Maybank Kim Eng Holdings Limited which holds 83.25% of the Company's total paid-up capital. The details on the Company's shareholders as at August 28, 2020 being the latest book closing date are as follows:

No.	Name	No. of Shares Held	%
1.	MAYBANK KIM ENG HOLDINGS LIMITED	475,182,790	83.25
2.	THAI NVDR CO.,LTD	2,089,202	0.37
3.	MR. TAWATCHAI SUEBWONGLEE	2,020,200	0.36
4.	MR. KANOK TANGCHAIUKKARNDDEE	1,936,000	0.34
5.	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,440,800	0.25
6.	MR. JONGJATE AOJANEPONG	1,200,000	0.21
7	MRS. SUTRAPORN CHITSAKUL	1,050,000	0.18
8.	MR. THONGCHAI NIMWACHIRASOONTORN	933,000	0.18
9.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	802,900	0.14
10.	MR. SOMSAK KITTIMAHAKHUN	800,000	0.14
11.	MR. PITAK SAPSIRISAWAD	752,000	0.13
12.	MS. SUKANYA SRIPRACHYA-ANUNT	736,800	0.13
13.	MR. MANA SAHASANTISUK	710,000	0.12
14.	MR. PIRAT TUBPRASERT	673,200	0.12
15.	OTHERS	79,877,208	13.99
	Total	<u>570,814,500</u>	<u>100.00</u>

As at December 31, 2020, Maybank Kim Eng Holdings Limited is a wholly-owned subsidiary of Maybank International Holdings Sdn. Bhd. (formerly known as Maybank IB Holdings Sdn. Bhd.)

Maybank International Holdings Sdn. Bhd (formerly known as Maybank IB Holdings Sdn. Bhd.) is a company incorporated in Malaysia and is a wholly-owned subsidiary of Malayan Banking Berhad.

As at December 31, 2020 Malayan Banking Berhad has 11,241,361,887 registered shares. Its top-10 major shareholders as at 31 December 2020 are as follows:

No.	Name	No. of Shares Held	%
1.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA	3,978,505,196	35.39
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EMPLOYEES PROVIDENT FUND BOARD	1,442,717,126	12.83
3.	PERMODALAN NASIONAL BERHAD	814,265,276	7.24
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	517,089,921	4.60
5.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 2 - WAWASAN	287,713,976	2.56
6.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA	191,074,811	1.70
7.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 3	118,539,707	1.05
8.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA 2	101, 621, 235	0.90
9.	CARTABAN NOMINEES (TEMPATAN) SDN BHD B/O: PAMB FOR PRULINK EQUITY FUND	101,369,784	0.90
10.	CARTABAN NOMINEES (ASING) SDN BHD	101,243,063	0.90
	Total top 10 major shareholders	7,654,140,095	68.09

Remark: AMANARAYA TRUSTEES BERHAD holds the legal title to the Malayan Banking Berhad share as trustee for several unit trust funds. Investors in those unit trust funds comprise the Malaysian public.



The Company has the policy of making dividend payment at a rate not less than 40% of its net profit after deduction of all reserves as specified by the Company. Dividend payment made each year depends upon the Company's investment plan, necessity and situation in the future. The Board of Directors can propose the final dividend payment during its board meeting and present to shareholders during a shareholders' meeting for approval. The Board of Directors is authorized to decide an interim dividend payment, but need to inform the shareholders at the next shareholders' meeting.



## Committees and Management Structure

The Company's management structure is comprised of the Board of Directors, the Executive Committee, the Audit Committee, the Risk Management Committee, Nomination and Remuneration Committee and Good Corporate Governance Committee. All of the Company's directors and management are qualified in accordance with Section 68 of the Public Limited Companies Act B.E.2535 and relevant of SEC's notification. The Company's management structure consists of the following sub-committees:

### 1. The Board of Directors

As at December 31, 2020, the Company's Board of Directors comprised of 6 directors as follows:

	Name	Title
1.	Dr. Areepong Bhoocha-oom	Chairman and Independent Director Chairman of Good Corporate Governance Committee, Member of the Audit Committee and Member of Nomination and Remuneration Committee
2.	Ms. Sopawadee Lertmanaschai	Independent Director and Chairman of Nomination and Remuneration Committee, Member of the Audit Committee, Member of Good Corporate Governance Committee
3.	Mr. Hans Johan Patrik Sandin	Independent Director and Member of the Audit Committee
4.	Mr. Montree Sornpaisarn	Executive Director Member of Nomination and Remuneration Committee, Member of Good Corporate Governance Committee
5.	Mr. Koh Swee Ong	Executive Director
6.	Mrs. Hamidah Binti Moris	Executive Director Member of Nomination and Remuneration Committee, Member of Good Corporate Governance Committee

The Board of Directors has appointed Company Secretary whose duties and responsibilities are as stipulated in the Securities and Exchange Act (No. 5) B.E. 2559, an amendment of the Securities and Exchange Act B.E. 2535.

Ms. Panut Javalkul has been appointed as Company Secretary of the Company. She has work experience in company secretarial from listed company and has attended and passes the Company Secretary Program course Batch 97 from Thai Institute of Directors Association.

### Authorized Directors who can sign on behalf of the Company

The Authorized directors who can sign on behalf of the Company are two of three from Mr. Montree Sornpaisarn, Mrs. Hamidah Binti Morris or Mr. Koh Swee Ong, jointly sign with the Company's seal affixed.

### Scope of Power and Duties of the Board of Directors

1. To manage the Company's operations to ensure compliance with the objectives and articles of association of the Company and resolutions of the Company's meeting of shareholders with honesty and due care for the interests of the Company.
2. To set goals, guidelines, policies, operating plans and budget of the Company, control and supervise the administration of the Executive Committee to ensure the management has performed competently and in compliance with the policies prescribed in an efficient manner. Exceptions to this are transactions such as increase/decrease of capital, issuance of debentures, selling or transferring the business of the Company in whole or in major part, buying or taking control of other companies, amending the memorandum of association or articles of association, and giving benefits to directors. In such matters, the Board of Directors needs to obtain approval from a shareholders meeting prior to carrying out such transactions.
3. The Board of Directors may, as deemed appropriate, elect some directors and management as members of the Executive Committees, provided that they shall have power and duties to conduct the Company's business as delegated and authorized by the Board of Directors. The Board of Directors shall elect one member of the Executive Committee as Chairman of the Executive Committee.
4. Notify the related transactions of oneself and affiliated entities in the management of the Company or a Subsidiary.
5. Plan the annual meeting schedule with company secretary and notify for the Board of Directors since the beginning of each year to prepare to attend the meetings.

In the year 2020, the Board of Directors held 14 meetings. in line with the Company's best practice, there must be at least two-thirds of the Board of Directors' members attending each session to form a quorum. The average rate of all Board of Directors attending the 14 meetings was 90%.

### Details of the Board of Directors' Meeting.

	Name	No. of Meeting	No. of Attendance
1.	Dr. Areepong Bhoocha-oom	14	14 (1 meeting via con-call)
2.	Ms. Sopawadee Lertmanaschai	14	13 (1 meeting via con-call)
3.	Mr. Hans Johan Patrik Sandin*	14	14 (14 meetings via con-call)
4.	Mr. Montree Sornpaisarn	14	14 (1 meeting via con-call)
5.	Mr. Koh Swee Ong	14	14 (1 meeting via con-call)
6.	Mrs. Hamidah Binti Moris*	14	14 (14 meetings via con-call)

\* Both directors are foreigners and reside in other countries. Therefore, they join the Board of Director's meetings via electronics channel. This is to avoid the cost of travelling.

The Company has a policy that quorum for a meeting of Board of Directors shall be two third of its total company directors to pass a resolution. For the Year ended December 31, 2020, each director attended at least 75% of Board meeting held in financial year which comply with the requirement of the Company's Policy.

### Detail of Job Description of Chairman of Board of Directors

To clearly separate the scope of power and duties in setting the policy and management of the Company. The Company, therefore, set the Chairman of the Board of Directors and Chief Executive Officer to be different person. Details of job Description of Chairman of Board of Directors are as follows;

1. Convene the Board of Director's Meeting, acting as the Chairman of the Board of Director's meeting and Annual General Shareholder's meeting as well as co-formulating the agenda with Chief Executive Officer;
2. Control the Meeting to be effectively functioned and in line with the Company's Article of Association. Encourage the directors to express opinion independently; and
3. Support and encourage the Company's director to fully execute their roles and responsibilities within the scope of power and duties and good corporate governance.
4. Oversea and monitor the operation and management of Board of Directors and Sub-Committee to meet the Company's goal and objective.
5. Acting as the final person to decide the vote in Board of Directors meeting in the event of equal votes.

### Detail of Job Description of Chief Executive Officer

1. Formulate business plan and objectives of the organization as well as working procedures to ensure they correspond to rules, regulations and policies of the Company and relevant regulatory agencies and propose them for consideration and approval by the Board;
2. Prepare annual business budget for consideration and approval by the Board;
3. Manage the Company in accordance with business plan and objectives under annual business budget as approved by the Board as well as monitor performance of tasks as assigned by the Board;
4. Supervise subordinates to ensure they perform their tasks and duties in accordance with specified objectives and plans;
5. Coordinate in formulation of solutions to problems that may occur in the Company's operation
6. Prepare HR and training plans to ensure they conform to business plans and policies of the Company; and
7. Perform other tasks as assigned by the Board

### Scope of Duties and Responsibilities of the Corporate Secretary

1. Prepare and maintain the following documents:
  - a. Directors' Registry;
  - b. Notices for the Board of Directors' Meetings, Minutes of the Board of Directors' Meetings and Annual Report of the Board of Directors; and
  - c. Notices for the Shareholders' Meetings and Minutes of the Shareholders' Meetings.
2. Maintain the Report on Stake Holdings of Directors and Management;
3. Carry out other tasks as assigned by the Board of Directors.

## 2. The Executive Committee (EXCO)

As at December 31, 2020, the Company's Executive Committee is comprised of 10 members as follows:

	Name	Title
1.	Mr. Montree Sornpaisarn	Chairman of the Executive Committee
2.	Mr. Koh Swee Ong	Member of the Executive Committee
3.	Mr. Vichet Pornsinsiruk	Member of the Executive Committee
4.	Mr. Prasert Tantayawit	Member of the Executive Committee
5.	Mr. Peerasit Chiwabhong	Member of the Executive Committee
6.	Mr. Sittiporn Sorngarn	Member of the Executive Committee
7.	Mr. Ekachai Taraporntip	Member of the Executive Committee
8.	Mr. Rueangsit Vatanarom	Member of the Executive Committee
9.	Mrs. Kritsayakul Kongchai	Member of the Executive Committee
10.	Mr. Saran Potewiratananond	Member of the Executive Committee

### Scope of Power and Duties of the Executive Committee (EXCO)

The EXCO shall function as the highest management approving authority of Thailand's Management Committees. Its key functions, activities and authorities shall include but not be limited to the following:

1. To provide the strategic direction of critical projects and future business growth;
2. To review and endorse planning and resource allocation activities in support of critical initiatives including investment commitments and procurement activities;
3. To review and endorse business plans/proposals of the respective business units;
4. To approve the development and launch of new products and/or services;
5. All financial matters of Thailand, within its authority, including capital management;
6. To consider and/or participate in business partnerships, joint ventures, mergers and acquisitions for Thailand;
7. Procurement activities for purchases of assets, services, resources etc., in excess of delegated country and/or individual authorities;
8. Divestment of assets and investments in excess of delegated country and/or individual authorities;
9. Internal restructuring, dissolution and/or amalgamation activities of both the business and operational functions of Thailand;
10. Human resource related matters including the recruitment, removal, reassignment, etc. of senior management and office bearers in excess of delegated country and/or individual authorities;
11. To participate in setting and reviewing significant key performance indicators in order to monitor the quality and performance of Thailand's businesses and operations;
12. Remuneration and compensation packages for senior staff and office bearers in excess of delegated country and/or individual authorities;
13. Maybank Kim Eng Group related matters, impacting Thailand;
14. Deliberate and monitor the resolution progress and/or closure of both supervisory concerns and internal audit/review findings;
15. Organization of public relations and/or marketing campaigns in excess of delegated country and/or individual authorities;
16. Oversight of country's management committees and Terms of Reference; and
17. Any other matters as instructed by the Board.

The EXCO does not have the power to approve any transactions or matters where there is a conflict of interest with the Company or its subsidiary (if any). Disclosure of transactions with conflict of interest must be made to the Board of Directors for consideration.

Scope of Power and Duties of the EXCO is in accordance with guidelines for granting power by the Board of Directors that was authorized by the Board of Directors' meeting no. 2/2012 held on May 3, 2012.

Any matters that are beyond the scope as specified above will not be under the EXCO's responsibility unless so authorized by the Board of Directors on a case-to-case basis.

For the Year ended December 31, 2020, the EXCO held 15 meetings, and in each meeting, at least two-third of the Executive Committee members attended the meeting.

### 3. Audit Committee

The Audit Committee comprises of 3 directors as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Audit Committee and Independent Director
2.	Mr. Hans Johan Patrik Sandin	Member of the Audit Committee and Independent Director
3.	Dr. Areepong Bhoocha-oom	Member of the Audit Committee and Independent Director

#### Scope of Duties and Responsibilities of the Audit Committee

1. Review the Company's financial reports to ensure their accuracy and sufficient disclosure of information by coordinating with external auditors and management responsible for preparing quarterly and yearly financial reports. The Audit Committee may suggest issues or matters to be included for review or audit by the external auditors while auditing of the Company is proceeding;
2. Review adequacy and effectiveness of internal control system and internal audit function, consider independence of internal audit function and approve nomination, transfer and relinquishment of position of head of internal audit function or other functions related to internal audit;
3. Review the Company's compliance with the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand or other laws relating to securities businesses;
4. Consider and advise on appointment of the external auditor of the Company, including the audit fee by considering the credibility, the adequacy of existing resources, the firm's performance and experience of its professional staff. The Audit Committee has to participate in meeting with the external auditor without management participation at least once a year;
5. Consider connected transactions or other transactions with potential conflict of interest to ensure they are conducted properly in accordance with relevant SET rules for the best interest of the Company;
6. Conduct any other matters assigned by the Board of Directors and agreed by the Audit Committee such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Conduct by the management and reviewing all important reports in conjunction with the management to be disclosed to the public as required by law (e.g. management report and management, discussion and analysis (MD&A)); and

7. Report activities of the Audit Committee in the Company's annual report signed by the Chairman of the Audit committee. Such reports should include the following information:

- Opinion on accuracy, completeness and reliability of the Company's process of reporting and disclosing financial information;
- Opinion on sufficiency of the Company's internal control system;
- Supporting reasons whether or not the Company's external auditors should be re-appointed;
- Opinion on the Company's compliance with the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand or other laws relating to its businesses; and
- Other reports deemed appropriate to be disclosed to shareholders and general investors as assigned by the Board of Directors.

In 2020, the Audit Committee held eleven (11) meetings, with details as follows:

Meeting		Ms. Sopawadee Lertmanaschai	Mr. Hans Johan Patrik Sandin	Dr. Areepong Bhoocha-oom	Auditor
No.	Date of Meeting				
1/2020	28 Jan 2020	●	●	●	● (Auditing 2019 Financial State-ments)
2/2020	11 Feb 2020	●	●	●	-
3/2020	24 Feb 2020	●	●	●	-
4/2020	18 Mar 2020	●	●	●	-
5/2020	24 April 2020	●	●	●	● (Reviewing Q1/20 Financial Statements)
6/2020	18 Jun 2020	●	●	●	-
7/2020	30 Jul 2020	●	●	●	● (Reviewing Q2/20 Financial Statements)
8/2020	26 Aug 2020	●	●	●	-
9/2020	29 Oct 2020	●	●	●	● (Reviewing Q3/20 Financial Statements)
10/2020	2 Dec 2020	●	●	●	-
11/2020	18 Dec 2020	●	●	●	-



#### 4. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of 4 directors as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Nomination and Remuneration Committee and Independent Director
2.	Dr. Areepong Bhoocha-oom	Member of the Nomination and Remuneration and Independent Director
3.	Mr. Montree Sornpaisarn	Member of the Nomination and Remuneration
4.	Mrs. Hamidah Binti Moris	Member of the Nomination and Remuneration

#### Scope of Duties and Responsibilities of Nomination

1. To nominate qualified candidates as new directors or CEO; and
2. To determine the procedures and criteria for nomination of Company's directors or CEO and ensure the procedures are made on a transparent basis.

#### Scope of Power and Duties of Remuneration

1. To be responsible for formulating the Company's policies with regard to employment and compensation for employment or termination of employment to be granted or awarded to the Company's employees or directors, and determining the level of compensation and other remunerations to be granted to employees and directors;
2. To determine and set fair and clear compensation of any kind to be granted or awarded to directors and employees of the Company;
3. To consider granting or awarding compensation of any kind to management as appropriate, including payment of bonus and payment in the form of securities granting;
4. To conduct any activities deemed necessary and appropriate in conforming with compensation policy regarding form, procedures and details about allocating of securities to employees;
5. The Chairman of the Nomination and Remuneration Committee would be responsible for providing any information necessary for conducting research in regard to employment to external advisors freely;
6. The Nomination and Remuneration Committee would be responsible for controlling expenses incurred to employ such independent external advisors as well as considering and reviewing appropriate compensation rate, taking into account all relevant factors;
7. The Nomination and Remuneration Committee would specify compensation base, increase in compensation and the overall compensation policy. The Nomination and Remuneration Committee will report such matters directly to the Board of Directors and provide opinion on the compensation to be made to senior management.

The Nomination and Remuneration Committee would accept and listen to opinion as provided by the CEO and the COO, and provide recommendations to the Board of Directors for approval.

In the year 2020, the Nomination and Remuneration Committee held 2 meetings, with details as follows:

Name	No.1/2020 12 Feb 20	No.2/2020 4 Jun 20
Ms. Sopawadee Lertmanaschai	●	●
Dr. Areepong Bhoocha-oom	●	●
Mr. Montree Sornpaisarn	●	●
Mrs. Hamindah Binti Moris	●	●

#### 5. The Good Corporate Governance Committee

The Good Corporate Governance Committee was set up in accordance with the resolution of the Board of Directors' meeting No.6/2007 held on November 18, 2007. The Good Corporate Governance Committee consists of the members as follows:

	Name	Title
1.	Dr. Areepong Bhoocha-oom	Chairman of the Good Corporate Governance Committee and Independent Director
2.	Ms. Sopawadee Lertmanaschai	Member of the Committee and Independent Director
3.	Mr. Montree Sornpaisarn	Member of the Committee
4.	Mrs. Hamindah Binti Moris	Member of the Committee
5.	Ms. Panut Javalkul	Secretary

#### Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Determine good corporate governance principles and business ethics & professional conducts of directors, executives and employees;
2. Monitor, evaluate the result of conformance with good corporate governance principles and business ethics & professional conduct by of directors, executives and employees and provide any suggestions regarding such matters;
3. Arrange any activities to encourage directors, executives and employees to understand more about good corporate principles and realize the necessity to conform to specified business ethics and professional conduct; and
4. To ensure full and fair disclosure of conformance with good corporate governance principles in the Company's annual report.

In the year 2020, the Good Corporate Governance Committee held 2 meetings, with details as follows:

Name	No.1/2020 12 Feb 2020	No.2/2020 2 Dec 2020
Dr. Areepong Bhoocha-oom	●	●
Ms. Sopawadee Lertmanaschai	●	●
Mr. Montree Sornpaisarn	●	●
Mrs. Hamindah Binti Moris	●	●

#### 6. The Management Risk Committee

The Company's Management Risk Committee is comprised of 6 members as follows:

	Name	Title
1.	Mr. Montree Sornpaisarn	Chairman of the Management Risk Committee
2.	Mr. Sittiporn Sorngarn	Member of the Management Risk Committee
3.	Mr. Koh Swee Ong	Member of the Management Risk Committee
4.	Mr. Vichet Pornsinsiruk	Member of the Management Risk Committee
5.	Mr. Prasert Tantayawit	Member of the Management Risk Committee
6.	Mrs. Kritsayagul Kongchai	Member of the Management Risk Committee

#### Scope of Duties and Responsibilities of the Management Risk Committee

1. To carry out the instructions of the Maybank Group and Maybank Kim Eng Group;
2. To advise senior management on all matters relating to risk management, including regulatory risk compliance, risk governance and capital management;
3. To collaborate with senior management in establishing risk appetite (including risk monitoring and reporting mechanism) for all Maybank KE Thailand's businesses;
4. To independently assess and report to all stakeholders on the risk management activities and performance of Maybank KE Thailand and/or its related businesses;
5. To assess, comment and make necessary recommendations related to all risk initiatives from Maybank Group, which may impact Maybank KE Thailand;
6. To provide risk oversight to all the businesses of Maybank KE Thailand;
7. To assess, approve and recommend to the Group Management Risk Committee (GMRC) for approval of the development and/or launch of new products and/or services within Maybank KE Thailand; and
8. To assess, review, monitor, approve and recommend to the KE Board and/or GMRC for approval of the credit and discretionary delegated approval authorities (no financial authorities).

In the year 2020, the Management Risk Committee held 12 meetings.

## Management

As of December 31, 2020, the Company has 13 members of management as per the definition from Stock Exchange Commission as follows:

	Name	Title
1.	Mr. Montree Sornpaisarn	Chief Executive Officer
2.	Mr. Arapat Sangkharat	Deputy Chief Executive Officer
3.	Mr. Koh Swee Ong	Chief Operating Officer
4.	Mr. Vichet Pornsinsiruk	Chief Information & Technology Officer
5.	Mr. Sittiporn Sorngarn	Managing Director, Securities Retail Business
6.	Mr. Prasert Tantayawit	Managing Director, Investment Banking
7.	Mr. Peerasit Chiwabhong	Managing Director, Local Institutional Sales
8.	Mr. Sombat Jiwariyavej	Managing Director, Debt Capital Market
9.	Mr. Ekachai Taraporntip	Managing Director, Research
10.	Mrs. Maria Brenda Sanchez Lapiz	Managing Director, Institutional Research Department
11.	Ms. Panadda Tanchanchiwin	Managing Director, CEO Office
12.	Ms. Areeya Kanchanabat	Executive Vice President, Head of Finance Department
13.	Mr. Sarawoot Kittinaraporn	Vice President, Accounting

### 1. Management Remuneration

#### A. Monetary Remuneration

##### Director's Remuneration

Director's remuneration was determined on a fair and reasonable basis. The Nomination and Remuneration Committee reviewed director's remuneration, taking into account responsibility of each director, the Company's financial condition as well as level of remuneration paid relative to those made by other companies in the same industry. Director's remuneration consists of director fee for the Board of Directors and the Sub-committees. There was no any other benefits to the directors, save for director fee. The breakdown of the director's remuneration is as follows:

	Company Director and Sub-Committee's Remuneration (Unit: Baht)	
	Chairman	Member
Board of Director	2,400,000	600,000
Audit Committee	500,000	350,000
Nomination and Remuneration Committee	500,000	350,000
Corporate Governance Committee	500,000	350,000

For the year 2020, the Company made directors' fee to 6 directors in director fee in the total amount of THB 7,100,000 Details of director's remuneration are as follows:

	Board of Director	Audit Committee	Nomination and Remuneration Committee	Good Corporate Governance Committee	Total (Unit:Baht)
Dr. Areepong Bhoocha-oom	2,400,000	350,000	350,000	500,000	3,600,000
Ms. Sopawadee Lertmanaschai	600,000	500,000	500,000	350,000	1,950,000
Mr. Hans Johan Patrik Sandin	600,000	350,000	-	-	950,000
Mr. Montree Sornpaisarn*	-	-	-	-	-
Mrs. Hamidah Binti Moris	600,000	-	-	-	600,000
Mr. Koh Swee Ong*	-	-	-	-	-
Total	4,200,000	1,200,000	850,000	850,000	7,100,000

\*The Company does not pay Director's Remuneration to the Executive Director in any kind of remunerations except Mrs. Hamidah Binti Moris who was the executive director's nominee from major shareholder, Maybank Kim Eng Holding Limited.

#### Management's Compensation

For the year 2020 ended December 31, 2020, the Company made compensation to 10 management (under the SEC definition) (excluding Chief Operating Officer, Executive Vice President of Financial Department and Vice President, Accounting) in the form of salary and bonus for the total amount of THB 82.47 million and contribution to the provident fund for a total amount of THB 5.76 million.

#### B. Other Compensation

No other compensation was paid.

#### 2. Corporate Governance

The Board of Directors has a policy to adhere strictly to the Code of Best Practices for Directors of Listed Company as prescribed by the Stock Exchange of Thailand.

The Company applies Principles of Good Corporate Governance throughout the organization. It has also set up good corporate governance culture starting by providing knowledge and understanding of good corporate governance to employees through various means so that the employees will realize the importance of such culture and integrate them in their work practices to ensure transparency and standardization. This will be a basic principle before moving on to further development. The Company's progress in implementing good corporate governance practices will be evaluated periodically.

#### 3. Protection of Usage of Inside Information

The Company has a policy to prohibit management from using inside information regarding its operation result and financial condition yet to be disclosed to the public for securities trading and for their own interests. The Company informed its management of their obligations in regard to disclosure of their holdings of securities of the Company in accordance with Section 59 and penalties as set out in Section 275 of the SEC Act B.E. 2535.

Further to this, the Company has also implemented other preventive measures with regard to usage of inside information including:

1. The Compliance Department will closely check and monitor Investment Banking Department Staffs (IB Staffs) possessing material nonpublic information yet to be disclosed to the public. Names of the clients' firms which possess sensitive information and will be put under the "Watch List". In addition, any IB staffs whom possess material nonpublic information regarding their corporate clients are prohibited from divulging such information to outsiders and trading on such securities (in case corporate clients are listed firms).
2. In case the Company acting as the financial advisor for public offering of shares or for acquiring listed firms, names of client firms will be notified to the Compliance Department, and all IB staff will be prohibited from trading securities of such client firms.
3. The Company has a policy to put a "Chinese Wall" between the Investment Banking Department and other departments. IB staffs are prohibited from divulging non-public information regarding corporate clients to securities marketing officers and securities research staff prior to an appropriate time.
4. In case where the Research Department has prepared research reports based on interviews with listed firms' management, the Compliance Department will add the names of listed firms for which the Research Department has prepared research reports under a "Watch List" to check whether any involved persons is taking advantage of inside information.
5. In case the Research Department has prepared research reports for any listed firms, the Compliance Department will put the names of listed firms for which the Research Department has prepared research reports under "Restricted List", and all the Company's staff will be prohibited from trading such securities three days prior to public dissemination of such reports.
6. The Company's management is required to disclose their holdings of securities of the Company in accordance with Section 59 and penalties as set out in Section 275 of the SEC Act B.E. 2535.
7. Any Company's management or departments who obtain inside information regarding the Company are prohibited from divulging such information to outsiders or non-related persons, and from trading in the Company's securities one month prior to public dissemination of the Company's financial statements.



The change of shareholding of the Directors and Executives of  
Maybank Kim Eng Securities (Thailand) Public Company Limited  
Details as of 31 December 2019

Name	Position	Number of Shareholding as of 31 December 2020	Number of Shareholding as of 31 December 2019	Change	% of shareholding as of 31 December 2020
1. Dr. Areepong Bhoocha-oom  Spouse and minor children	Chairman and Independent Director  Chairman of Good Corporate Governance Committee, Member of the Audit Committee and Member of Nomination and Remuneration Committee	-	-	-	-
2. Ms. Sopawadee Lertmanaschai  Spouse and minor children	Independent Director and Chairman of Nomination and Remuneration Committee, Chairman of the Audit Committee, Member of Good Corporate Governance Committee	-	-	-	-
3. Mr. Hans Johan Patrik Sandin  Spouse and minor children	Independent Director and Member of the Audit Committee	-	-	-	-
4. Mr. Montree Sornpaisarn  Spouse and minor children	Executive Director Member of Nomination and Remuneration Committee, Member of Good Corporate Governance Committee	-	-	-	-
5. Mr. Koh Swee Ong  Spouse and minor children	Chief Operating Officer, Executive Director	-	-	-	-
6. Mrs. Hamidah Binti Moris  Spouse and minor children	Executive Director Member of Nomination and Remuneration Committee, Member of Good Corporate Governance Committee	-	-	-	-

Name	Position	Number of Shareholding as of 31 December 2020	Number of Shareholding as of 31 December 2019	Change	% of shareholding as of 31 December 2020
7. Mr. Arapat Sangkharat  Spouse and minor children	Deputy Chief Executive Officer	-	-	-	-
8. Mr. Vichet Pornsinsiruk  Spouse and minor children	Chief Information & Technology Officer	-	-	-	-
9. Mr. Sittiporn Sorngarn  Spouse and minor children	Managing Director, Securities Retail Business	-	-	-	-
10. Mr. Prasert Tantayawit  Spouse and minor children	Managing Director, Investment Banking	-	-	-	-
11. Mr. Peerasit Chiwabhong  Spouse and minor children	Managing Director, Local Institutional Sales	-	-	-	-
12. Mr. Sombat Jiwariyavej  Spouse and minor children	Managing Director, Debt Capital Market	-	-	-	-
13. Mr. Ekachai Taraporntip  Spouse and minor children	Managing Director, Research	-	-	-	-
14. Mrs. Maria Brenda Sanchez Lapiz  Spouse and minor children	Managing Director, Institutional Research Department	-	-	-	-
15. Ms. Panadda Tanchanchiwin  Spouse and minor children	Managing Director, CEO Office	-	-	-	-

Name	Position	Number of Shareholding as of 31 December 2020	Number of Shareholding as of 31 December 2019	Change	% of shareholding as of 31 December 2020
16. Ms. Areeya Kanchanabat  Spouse and minor children	Executive Vice President, Head of Finance Department	-	-	-	-
17. Mr. Sarawoot Kittinaraporn  Spouse and minor children	Vice President, Accounting	-	-	-	-

- Personal Data of the Company's Directors and Management Board of Directors

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2020* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
1. Dr. Areepong Bhoocha-oom Independent Director (Approved by Stock Exchange Commission and held the position on October 22, 2018)	63	Ph.D. in Finance University of Mississippi, USA Master of Finance Marshall University, USA Bachelor of International Management Boston University, USA The Thai Institute of Directors Association : DCP3/2000	None of Direct or Indirect shareholding	None	Aug 19 - Present	Chairman, Independent Director, and Member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Oct 18 - Aug 19	Vice Chairman, Independent Director and Member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Sep 19 - Present	Chairman, Digital Government Development Agency (Public Organization)
					Dec 15 - Present	Director, Section 5 (Industrial Law and Energy), Office of the Council of State
					Oct 15- Sep 17	Permanent Secretary ,Ministry of Energy
					Jun 14 - May 15	Permanent Secretary ,Ministry of Energy
					Jul 15 - Aug 15	Permanent Secretary ,Ministry of Tourism and Sport
					May 15 - Jul 15	Secretary-General, Office of Public Sector Public Development Commission
					Oct 13 - Jun 14	Secretary-General, Office of Public Sector Public Development Commission
					Oct 10 - Jun 13	Permanent Secretary, Ministry of Finance

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2020* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
2. Ms. Sopawadee Lertmanaschai  Independent Director  (Approved by Stock Exchange Commission and held the position on October 5, 2015)	67	Master of Science (Accounting), Thammasat University  Bachelor of Law, Thammasat University  Bachelor of Science (Accounting), Thammasat University  The Wharton Advanced Management Program, University of Pennsylvania, USA  The Thai Institute of Directors Association : DCP2/2000 , ACP27/2009, SFE6/2010	None of Direct or Indirect shareholding	None	Oct 15 - Present	Independent Director and the Chairman of Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Mar 14 - Present	Independent Director and Audit Committee, Intouch Holdings Plc
					Apr 18- Present	Independent Director and Chairman of the Audit Committee, Central Plaza Hotel Plc
					Dec 17 - Present	Director, General Hospital Product Public Co., Ltd.
					Jul 19 - Present	Director and Independent Director, DoHome Plc.
					May 18 - Present	Chairman and Independent Director, KTBST REIT Management Co.,Ltd.
					Apr 14 - Present	Advisor to Chairman of the Board and Member of the Investment Committee, Dhipaya Insurance Plc
					Aug 14 - Nov 18	Director, The Government Pharmaceutical Organization
					Jun 15- Nov 18	Qualified Director National Savings Fund
					Apr 15- Mar 18	Director Metropolitan Electricity Authority
					Aug 13- Sep 16	Commissioner, The Securities and Exchange Commission

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2020* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
3. Mr. Hans Johan Patrik Sandin Independent Director (Approved by Stock Exchange Commission and held the position on May 14, 2018)	54	Master of Philosophy (Economic) University of Cambridge  Bachelor of Commerce (Economics) University of Cape Town  Bachelor of Business Science (Finance) University of Cape Town	None of Direct or Indirect shareholding	None	May 18 - Present	A member of the Audit Committee, Independent Director, Maybank Kim Eng Securities (Thailand) Plc.
					Dec 19 - Present	Independent Director and Chairman of Kim Eng Securities (Hong Kong) Ltd.
					Aug 19 - Present	Independent Director and Chairman, Maybank Kim Eng Holding Ltd., Singapore
					May 15 - Present	Independent Director, Maybank Investment Bank Berhad
					Nov 13 - Apr 14	Head, Strategic Hedging Advisory, Investment Banking Asia Pacific
4. Mr. Montree Sornpaisarn Chief Executive Officer and Authorized Director (Approved by Stock Exchange Commission and held the position on October 19, 2001)	56	Chartered Financial Analyst (CFA)  MBA (Finance), Thammasat University  Bachelor Degree in Engineering, Chulalongkorn University  The Thai Institute of Directors Association: DAP #21/2004  The Thai Institute of Directors Association: CGI #6/2015	None of Direct or Indirect shareholding	None	Apr 00 - Oct 13	Head of Fixed Income Distribution & Origination, Asia Pacific (ex-Japan), BNP Paribas,
					Oct 01 - present	Executive Director and Chief Executive Officer Maybank Kim Eng Securities (Thailand) Plc.
					Mar 08 - Jun 11	Director and Member of Audit Committee, WAVE Entertainment Plc.
					Apr 07 - Apr 11	Director, Thailand Listed Companies Association
					May 05 - Jan 10	Executive Director, Association of Securities Companies
					Feb 00 - Sep 01	Managing Director (Investment Banking), Vickers Ballas (Thailand) Ltd.

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2020* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
5. Mr. Koh Swee Ong Chief Operating Officer and Authorized Director (Approved by Stock Exchange Commission and held the position on October 15, 2019)	52	Master of Business Administration Charles Sturt University  The Thai Institute of Directors Association: DAP #166/2019	None of Direct or Indirect shareholding	None	Oct 19- Present	Director and Chief Operating Officer , Maybank Kim Eng Securities (Thailand) Plc.
					Mar 17- Oct 19	Chief Operating Officer Maybank Kim Eng Securities (Thailand) Plc.
					Apr 18 -Oct 18	Director Maybank Kim Eng Securities (Thailand) Plc.
					Apr 13 - Mar 17	Regional Head, Operations Maybank Investment Bank Berhad
6. Mrs. Hamidah Binti Moris Authorized Director (Approved by Stock Exchange Commission and held the position on December 1, 2018)	59	Master of Political Science University of Essex, UK  Bachelor of Mathematics & Politics University of Essex, UK  The Thai Institute of Directors Association: DAP #166/2019	None of Direct or Indirect shareholding	None	Dec 18 - Present	Executive Director Maybank Kim Eng Securities (Thailand) Plc.
					Oct 18 - Present	Chief Executive Officer Maybank Kim Eng Group
					May 16 - Sep 18	Chief Operating Officer Maybank Investment Bank Berhad Maybank Kim Eng Group

\* Determined based on the no. of shares outstanding after taking into account the no. of repurchase shares.

\*\* Change in no. of shares outstanding during the year does not include new shares from exercising share warrants.



# Good Corporate Governance Report (CG Code)



The Board of Directors of Maybank Kim Eng Securities (Thailand) Plc. has long put emphasis on good corporate governance. The Board of Directors believes that good corporate governance would help to prevent potential serious damages caused by the lack of a good internal control system. Good corporate governance also plays an important role in enhancing management efficiency and improving the utilization of resources. This will lead to sustainable growth for the Company and create value for all shareholders and stakeholders.

To be in compliance with good corporate governance (CG Code) as mentioned, the Company has established the CG Policy. The Policy has been approved by the Board of Directors and communicated to all employees throughout the Company. There is also a channel which the Company can provide information regarding good corporate governance to all employees via Company's Intranet.

For the Year 2020, Company was rated the evaluation point of corporate governance with "5-Star" in this regard, Company was given "excellent score" for the Rights of Shareholders, Roles of Stakeholders, Equitable Treatment of Shareholders, Disclosure and Transparency, Responsibilities of Board of Directors and. The Company shall improve and disclose of information as derived from the suggestion in accordance with corporate governance guidance / corporate governance code (CG Code) by The Securities and Exchange Commission, Thailand. For the year 2020, the Company had followed to practice all the 8 CG principles (CG Code) as following:-

## **Principle 1    Establish Clear Leadership Role and Responsibilities of the Board**

### Board of Directors

The Board of Directors as establishing leadership role and responsibilities consists of the Directors with knowledge, skill and experience in the business. They are responsible for setting company's policy, vision, strategy, goals, mission, business plan, measures, monitoring operating results and budget of the Company, and supervise Executive Committee to operate in accordance with the policy with efficiency and effectiveness under the framework of laws, objectives, regulations and resolutions of the shareholders' meeting with responsibility, honesty and under the code of conduct but also include driving business adaptation to maximize profit and create maximum security to its shareholders.

### Sub-committees

The Company has established a sub-committee which has been appointed by the Board of Directors or the shareholders' meeting to assist in the management and supervision of the administration of companies, including 5 committees as follows: (1) Executive Committee (2) Audit Committee (3) Management Risk Committee (4) Nomination and Remuneration Committee and (5) Good Corporate Governance Committee . Scope of Duties and Responsibilities Authorities and responsibilities of Board of Directors and Sub-Committees shall align with its Charter of Board of Directors and Sub-Committees and review at least once a year or when change of authorities and responsibilities. The Board is to consider and delegate authority and responsibility to make clear on daily work policy, indicating the Chairman of the Board is irrelevant with daily work management of the Company and the Chairman of the Board provides regularly support and recommendation on business operation to CEO while CEO is to perform responsibility of corporate management under delegated power control from the Board of Directors and by law such as

significant investment transaction, transaction with connected persons, acquisition or disposal of assets and dividend payment. To ensure that all employees understand the rules, regulations, code of business conduct, and do the right thing right. The Company had conducted to all employees to do the rules and regulations testing on company's intranet and had evaluated the level of understanding of employees from the testing results to improve the communication to employees to understand and aware of their role in promoting corporate governance . In addition to employees shall do the rules testing as a part of key performance indicators (KPIs) and the employees who had joined to work during the year, they shall do the rules testing which is considered to be a part of the performance evaluation. The Company also encourages employees to aware of the compliance culture which is the key performance indicators (KPIs).

#### Orientation of the New Directors

The Board of Directors have prescribed the reorientation for Board of Directors onboarding to understanding the business and internal policies to help support the operating duties of the directors to fully take position as fast as possible and by having the Company's Secretary as the coordinator which will cover topics as follows:

- STANDARD OF BUSINESS CONDUCT
- DIRECTORS' DUTIES AND OBLIGATIONS
- APPOINTMENTS AND RESIGNATIONS OF DIRECTORS
- GOVERNANCE STRUCTURE
- BOARD PROCEEDINGS
- REMUNERATION AND BENEFITS
- SUPPLY OF INFORMATION TO THE BOARD
- GOOD CORPORATE GOVERNANCE
- CODE OF ETHICS (ANTI-CORRUPTION MEASURE)
- ANNUAL BOARD ASSESSMENT
- CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION
- OTHER KEY POLICIES OF THE MAYBANK GROUP

For 2020, the Company did not nominate new directors. The Board of Directors of the Company comprises of 6 directors.

#### Roles of Stakeholders

- **Shareholders:** The Company put emphasis on generating profitability to provide good investment returns to all shareholders. The Company's dividend payment policy is to pay out at least 40% of net profit. The Company has encouraged shareholders to exercise their legal rights and will treat all shareholders equitably. Shareholders shall have the right to receive accurate and updated information on the Company's operations via its website on a regular basis. In Year 2019, the Company made dividend payment at the rate of Baht 0.86 per share, or a payout ratio of 193% of 2019 net profit. Such payout ratio exceeded its specified dividend payout policy of at least 40% of the Company's earnings after deducting all required legal reserves. For the Year 2020, the Company made a dividend payment at the rate of Baht 0.60 per share, or a payout ratio of 71% of 2020 year-ended net profit.

- **Clients:** The Company put emphasis on equal and fair treatment of all clients. The Company has provided high-quality services to its clients, keeping their information confidential, and disseminated sufficient, accurate and timely information to them. The Company has provided a variety of products and services and continued to improve and develop them to satisfy clients' needs. In providing services, the Company takes into account the best interests of clients. The Company's investment consultants urged their clients to trade with care and thoroughness and consider all relevant information carefully and thoroughly prior to making their investment decisions, not emphasizing their trading volume. This helps to prevent them from investing in manipulated stocks. Client may leave comments, suggestions, and other complaint through the Company's communication channels as follows.

Channels	Email	Phone number
Client Service	clientservice@maybank-ke.co.th	02-658-5050
Corporate Communication	corporatecommunication@maybank-ke.co.th	02-658-6300 #7401-7404
Company's Secretary	cosecthailand@maybank-ke.co.th	02-658-6300 #6660

- **Competitors:** The Company treated all of its competitors fairly and equally, and strictly complied with mutual agreements and member agreements as applicable under the relevant SEC and SET rules and regulations and ASCO agreements, which the Company has set to its standard practice not to acquire any investment consultants from other brokers in any inappropriate way.

The Company has policy to treat trade competitors not using unethical means in acquiring the confidential information from. Thus, the Company adheres to the policy as follows:

- Conducting the business within the fair and ethical competition
- Acquiring the information from trade competitor by unethical means
- Sabotaging the trade competitors by untrue information

- **Creditors and Business partners:** The Company fully complied with all conditions and terms under loan agreements and other agreements it entered into. The Company will never take advantage of, and try to build trust and support with all stakeholders. The Company had purchasing policy to compare at least 3 quotations from reliable vendor and ensure that the policy for purchasing is transparent and fair.

- **Employees:** Please see the details of "Fair Treatment of Labor under the "Social Responsibility" section.

- **Society and environment:** The Company promotes the efficient use of resources in all processes related to running a business, to reach maximum benefit. Whereby the Company considers the responsibility of executives and employees, which the Company will support the human resource budget, working time and training to participate in the proposed social and environmental development, namely;

- The production of the annual general shareholders' meeting invitation letter and the annual report, the Company uses paper which is the standard of environment friendly that reduces emissions of carbon dioxide (CO2).
- The Company has agreed to reduce energy consumption, such as changing
- the light bulb in the offices to a LED bulb.
- The Company organized the 2020 Annual General Meeting via Electronics channel to prevent the risk of contracting the COVID-19 incurred to the Company's shareholders as well as decreased the use of paper materials and enhance the application of the digitization to the Company's meeting.

Please see the further details in the "Social Responsibility" section.

- **Intellectual Property:** The Company respects and abide by the laws regarding intellectual property, and has policies and guidelines regarding non infringement of the intellectual property rights as follows::

- All employees have a duty to protect and maintain confidentiality with respect to the intellectual property of the Company to prevent data leakage and shall not use the Company intellectual property for personal or third party interest without permission.
- All employees must respect and honor the intellectual property of others and must not infringe the intellectual property of other whether wholly or partly without the permission of the owner.

In the Year 2020, the Company had no disputes with any group of stakeholders and was in full compliance with its operating policy.

## Principle 2 Define Objectives that Promote Sustainable Value Creation

Board of Directors has set the purpose of business operation and committed to being a leading financial institution in the region, as well as building a good society for sustainable growth. The Company is well aware that social responsibility is a critical aspect that must be moving forward in parallel with business operation, taking into account the creation of social responsibility values that will bring about maximum benefits to society, community, environment and all parties involved. The Company is a full-service financial institution providing investment services, linking investment networks through its affiliates in major cities in Bangkok and other provinces to fully support all investment requirements. The Company also puts the great emphasis on corporate governance (CG), anti-corruption in all forms (Anti-Corruption) and operations with transparency and justice that can be checked (Transparency), and aims to equip investors and the general public with knowledge and understanding on investing and creating wealth for the public through saving money in order for the country's economy to grow sustainably. In addition, the Company strives to equip the employees with new knowledge and global curriculum to better service the clients with quality service and products as well as new technology which has come to play more role in service industry. In terms of environment and community, the Company has the ongoing project to preserve our environment by reducing and discontinuing the plastic. More details are provided in the topic "Sustainability Report 2020 underlying Corporate Social Responsibility for Sustainability.

## Principle 3 Strengthen Board Effectiveness

### 1. Composition of the Board of Directors

1.1 As at 31 December 2020, the Board of Directors has 6 members comprising of:

- 3 executive directors
- 3 non-executive directors (all are independent directors.)

The Company has long realized the importance of the appropriate composition of the Board of Directors, and nominates its directors in such a manner that there is a balance of power between executive and non-executive directors. The composition of the Board of Directors is such that independent directors will work together with directors who represent the major shareholders and executive directors. The number of independent directors accounts for more than one-third of the total no. of directors, thus being in line with the CG Code as prescribed by the SEC and corporate good governance principle by the SET. The Chairman is also an independent director. Regarding to the number of non-executive directors (3 persons) who all are independent directors in order to be independently expressing their opinion and make check & balance decisions from the executive directors, and the Board of Directors can perform their duties effectively.

The Board of Directors appoints one secretary to the Board of Directors and company secretary. The names of directors, and duties and responsibilities of the Board of Directors are shown in the topic “Committees and Management Structure”.

1.2 The Board of Directors recognizes the benefits of diversity on the board which is the key factor in increasing the efficiency in making decision of the Board. The diversity of The Board of Directors consists of experts in many fields who Possess a variety of knowledge, capability, professional experience, business moral and loyalty. They are willing to dedicate themselves to the good of the Company.

1.3 Each independent director has terms of holding office of 3 years each. Each Independent director cannot hold more than three terms, or more than 9 years There is an exception to the rule when it is deemed by the shareholders or the Board of Directors that some directors play important roles in the growth and success of the Company. In such cases, the terms of office of such directors can be extended as appropriate. The Company’s policy regarding directors’ term of office is clearly specified in its corporate governance policy. On 31 December, 2020, the Company does not have independent directors who hold office more than 9 years.

However, the Company has annual review on the corporate governance policy since 2018 and in 2020 applied or explained such policy in accordance to CG Code as well as explain the reasons behind the impractical issues, which the company will use as a guide to deploy appropriate practice.

1.4 The Board of Directors have specified qualifications of “Independent Directors” that are in line with new rules and stricter than those required by the SEC and the SET. They are as follows:

- Holding shares of not more than 0.5% of all voting rights of the Company, any companies in the Maybank Group or its associated companies;
- Not being a member of management, employee, staff member or advisor who receives a regular compensation from the Company, or controlling person of the Company, any company in the Maybank Group and its associated companies, or person with potential conflict of interest for at least one year prior to nomination;

- Having no business relationship or direct or indirect potential conflict of interest in terms of financial and general management of the Company, any company in the Maybank Group, its associated companies and other persons with potential conflict of interest that may interrupt his independent discretion or opinion on the Company's operations;
- Not being a person who has any legal registered relationship in the form of close relatives, major shareholders or controlling person of the Company, any company in the Maybank Group, its associated companies, persons with potential conflict of interest, or persons who are nominated to take care of the interest of major shareholders.

1.5 No directors of the Company can hold a directorship in more than 5 other listed companies including its affiliates which may be unlisted. In case it is necessary for any director of the Company to hold a directorship in more than 5 other listed companies, he must obtain approval from the Board of Directors beforehand. Details regarding holding directorships of directors are disclosed in the topic "the Board of Directors and Management Structure". For 2020, no directors of the Company held directorships in more than 5 other listed companies including its affiliates which may be unlisted. There has been a separation of the position between the Chairman and the Chief Executive Officer to create a check and balance mechanism, so that no one has absolute power. The Company has clearly specified roles, powers and duties of each person; the Chairman shall be an independent director and the leader in policy and corporate governance, and the Chief Executive Officer shall be the leader in corporate and business management.

1.6 In case of an expiry in terms for holding office of any director, the Company allows minority shareholders to propose name(s) or person(s) to be nominated as a director (s), provided that such person(s) has the qualifications in line with the Company's rules. When complete information about the person(s) proposed to be the Company's director(s) is obtained, the Nomination Committee will consider their qualifications prior to proposing at the shareholders' meeting for nomination. For the Year 2020, no minority shareholders had proposed the name(s) of person(s) to be nominated as the Company's director(s).

1.7 The Company has announced Code of Ethics and Conducts Policy as a guideline for all employees.

1.8 The Company has set a policy for position taking at other companies for CEO that it is required an approval from the Board of Directors in any case.

## 2. Sub-Committees

For transparency and independence in performing their duties, most members of the Sub-committees are independent directors. Independent directors are appointed as the chair of each sub-committee. Details regarding sub-committees are stated under the section titled "Committees and Management Structure".

### 3. Roles, Duties and Responsibilities of the Board of Directors

3.1 In the Year 2020, the Board of Directors considered and approved important matters in relation to the Company's operations such as formulation of its vision, mission, strategy, financial objective, risk, operation plan and budget. The Board of Directors supervised, controlled and monitored the management to ensure they have run the Company in accordance with the specified policy and plan efficiently and effectively to enhance sustainable economic value for the Company, its shareholders and all stakeholders.

3.2 The Board of Directors communicated the Company's strategy, objectives and operating results to directors/executives/staff throughout the organization. The Company held a meeting to communicate its strategy, objectives and operating results to executives and management so that they could communicate the message to the departments under their supervision. The Company also communicated important messages via its Intranet System (MKeplanet) and E-mail system.

3.3 The Board of Directors also formulated and approved the Company's written policy on corporate governance. Evaluation of the Company's compliance with good corporate governance principles indicated that the Company complied with most of the principles, with details as discussed earlier.

3.4 The Board of Directors formulated a written business ethics and professional conduct to be used as reference by directors, executives and staff in managing the Company's business. Compliance with such written business ethics and professional conduct is closely monitored.

3.5 The Board of Directors developed and implemented a clear policy regarding conflict of interest. Good corporate governance policy shall be fully adhered to and accurate information shall be disclosed.

3.6 The Board of Directors developed and implemented a risk management policy for the entire organization. Risk management team shall monitor relevant risk factors and report to the Risk Committee every month and Board of Directors quarterly, including risk review and assessment at least once a year.

3.7 The Board of Directors developed and implemented internal control and audit systems. The Board of Directors assigned and authorized Internal Audit Department and Compliance Department to conduct audits and report results of the audits to the Audit Committee prior to reporting to the Board of Directors.

3.8 The Board of Directors has delegated and assigned sub-committees for any specific duties and responsibilities according to terms of reference (TOR). Each TOR identifies name of committee, duty and responsibility, as well as basic element such as meeting frequency, reporting line and committee's self-evaluation as well as disclosing remuneration. Details of remuneration made to directors are shown in the topic "the Board of Directors and Management Structure".



#### 4. Approval authority to execute in any transaction

4.1 Company has prescribed the approval authority to execute in any transactions of the company in accordance with the credit line which can be divided into tier, in order to prevent for any person shall have the authority to execute in any transactions which is led to create risk for the company, in addition, such authority has given approval from the Board of Directors and shall review upon regular basis.

4.2 The Board of directors serves to define the vision and mission of the company, in order for the executives and employees to have same goal and intended to operate in the same direction. In year 2020, the Board of directors has reconsidered and approved the vision, mission, strategy, goals and direction of the company's business, including a review of major policies, with appropriate and consistent business according to the principles of corporate governance, such as policy, governance, etc.

4.3 The Board of directors has monitored the company's strategy to bring to the meeting of the Board of Directors on a quarterly basis. The Committee monitors the implementation of management by reporting the results of operations and prospects, particularly on the part of financial goals and plan tasks to follow defined strategies.

#### 5. Nomination of Board of Directors and Senior Management

5.1 The criteria and the process for appointing directors and senior executives. In the case of vacancy of Directors and senior management of the company, The Company has the criteria and process for recruiting directors and senior managements with utter most transparency. The nomination committee is responsible for considering the nomination of Directors and senior management based on the knowledge, skills, qualifications, work experience; regardless of gender and fully devoted to their duties. As well as not prohibited by law, the relevant statutes and principles governing parties (Fit and Proper), which will cause the diversity in the structure of the Board. However, in cases where the Company has a new business operation strategy in addition to the in progress original business, nomination Committee shall recruit people with qualifications and experience that match the new business of the Company. In order for the Board of Directors and/or the shareholders ' meeting to consider and approve (as the case may be), which is in the process of appointing the directors of the Company.

#### 6. Meeting of the Board of Directors

6.1 The Company's secretary sets up a meeting of the Board of Directors schedule in order to propose to the Board of Directors in consideration for granting approval, for the whole year in advance and informs each director of the meeting schedule so that they can arrange their time to attend the meetings. Whereby the Board meetings are regularly for at least 3 months, in order to consider the financial statements, policy and operations, including follow-up to the strategy of the company and the Board must always be available to attend the meeting if there is a special meeting.

6.2 The company has a policy of minimum quorum of the committee upon a voting, in which the quorum shall not be less than 2 in 3 of all Directors. In addition, directors are the proportions attendees shall be at least 75 per cent of meetings throughout the year.

6.3 In the Year 2020, the Board of Directors' meetings were held fourteen (14) times. Details of the Board meetings are stated under the topic "the Board of Directors and Management Structure".

6.4 The Chairman, the Chief Executive Officer and Company's secretary will co-determine meeting agenda items to be proposed for the Board of Directors' meeting. Each director could propose a meeting agenda item independently. Each director may propose a meeting agenda to the Chairman via the company secretary or may propose a meeting agenda to the Board of Directors prior to the meeting.

6.5 Related documents will be sent to all members of the Board of Directors at least 7 days prior to the date of the meeting. For especially important agendas, the relevant documents shall be submitted to directors prior to the meeting in adequate time for their consideration.

6.6 The Board of Directors can invite any relevant executive or personnel for inquiry during the meeting. In the Year 2020, it was found that executive directors are the persons who were in charge of the matters and knowledgeable of all relevant information. Thus, the Board of Directors inquired directly from the executive directors in charge of the matter.

6.7 After the Board of Directors' meeting, the corporate secretary will arrange the minutes of the meeting and notify the related functions for their further action and report the result of such actions to the Board again for their acknowledgement.

6.8 In each meeting, the Chairman allows each director to express his opinion extensively and freely. Thus, each director may express his opinion extensively and listen to others' opinions. Each decision is made based on sound rationale and thorough deliberation. Although the Chairman allows each director to express his opinion in the meeting extensively, each director presents his opinion concisely. Thus, it normally takes no more than 3 hours on average to run the meeting, which the Board of Directors views as sufficient to consider each meeting agenda item thoroughly.

6.9 In each meeting, the Good corporate governance reports must be approved by the Board of Directors. On October 18, 2007, the Board of Directors' meeting reached a resolution to establish the Corporate Governance Committee that is responsible for formulating good corporate governance principles, monitoring, evaluating and promoting compliance with the Company's good corporate governance principles.

Thus, the Good Corporate Governance Committee regarded the Year 2008 as "KIM ENG's good corporate governance year." The good corporate governance campaign was initiated by various activities to persuade employees to be in compliance with good corporate governance principles.

## 7. Meeting of the Board of Directors who are Non-Executive Directors

Board of Directors have prescribed that there were only non-Executive Directors meeting without the Executive Directors for reviewing the policy, strategic, vision, and guideline for managing the company. In the Year 2020, the Board of Directors' meetings (Non-Executive Directors) were held one (1) time on 2 December 2020.

## 8. Self-Evaluation by the Board of Directors

8.1 The Board of Directors conducts self-evaluation once a year. Such self-evaluation will be conducted on an overall basis as well as one to one session. Evaluation in accordance to the Securities Exchange of Thailand will be conducted on the following areas:

- Structure and Qualifications of the Board of Directors;
- Roles, duties and responsibilities of the Board of Directors;
- The Meeting of the Board of Directors;
- Performance of Duties by the Board of Directors;
- Relationship with Management; and
- Self-Development of Directors and Management Development.

The company secretary is responsible for summarizing the results of evaluation before providing them to the Chairman. The Chairman will inform the results to the meeting of the Board of Directors and consult with all of the directors to improve any deficiencies or weaknesses found from the evaluation.

8.2 The process of evaluation are as follows:

1. To evaluate the effectiveness of the operation of the Board of Directors for both the individual at least once a year.
2. The Company Secretary will summarize and present the results of evaluation performance of the Board of Directors to the on the nomination committee board and the remunerations committee board. To consider and evaluate ways to improve the efficiency of operations.
3. Nomination and Remuneration Committee present the result and the trend to improve operational performance the Board of Directors.

8.3 Annual Performance of the Board of Directors

Year of Annual Performance of the Board of Directors	Evaluation Date	Overall Performance (Committee)	Overall Performance (Individual)
2019	20 January 2020	“good to excellent”	“good to excellent”
2020	8 February 2021	“good to excellent”	“good to excellent”

For the Year 2019 Annual Performance, the Board of Directors conducted self-evaluation and peer-evaluation on 20 January 2020 with both evaluation are evaluated as a “good” to “excellent” level. For evaluation method the Company has specified criteria and process in which the Company ensures that there is improvement in result as well as follows up on the status of prior evaluation. For Year 2020 Annual Performance, the Board of Directors (self-evaluation and peer-evaluation) has set the evaluation date on February 8, 2021 and maintained evaluation as “good” to “excellent” level.

## 9. Self-Evaluation by the Sub-Committees and Chief Executive Officer

9.1 Various sub-committees such as Audit Committee, Nomination Committee and Remuneration Committee also conducts its self-evaluation once a year. Such self-evaluation will be conducted on an overall basis as well as one to one session, having principles and evaluation guideline to be aligned with the evaluation of the Board of Directors in which the result of the evaluation the performance for the year 2019 has made on 20 January 2020 with the result of good to excellent while performance for the year 2020 has made on February 8, 2021 with the result of good to excellent. Both years are inclusive of self-evaluation and peer-evaluation.

9.2 The process of self-evaluation of the Sub-Committees and Chief Executive Director is as follows:

1. Continue to evaluate the effectiveness of operation of the Sub-Committees of both the Sub-Committees and the individual, includes Chief Executive Officer, at least 1 time per year.
2. The Corporate Secretary summarize the results of performance evaluation on the operation to the Nomination and Remuneration Committee to evaluate results and guidance on how to improve operational efficiency.
3. The Nomination and Remuneration Committee present result and the trend to improve operational performance the Sub-Committees.

### Annual Performance of the Sub-Committee and CEO

Sub-Committees (Audit Committee, Nomination and Remuneration Committee, Good Corporate Governance Committee)				CEO
Year of Annual Performance of the Sub-Committees	Evaluation Date	Overall Performance (Committee)	Overall Performance (Individual)	Overall Performance
2019	20 January 2020	“good to excellent”	2019	“excellent”
2020	8 February 2021	“good to excellent”	2020	“excellent”

## 10. Remuneration and Compensation

10.1 Directors’ remuneration is determined based on 4 criteria ,namely 1) Comparison with the level of remuneration made to directors of other firms in the securities brokerage business 2) Role and responsibility of each director 3) the Company’s overall operating performance and 4) Dividend payments made to shareholders. Director remuneration shall be considered by the Remuneration Committee and proposed to the Board of Directors and meeting of shareholders. Details of remuneration made to directors are shown in the topic “the Board of Directors and Management Structure”.

10.2 Remuneration made to the Chief Executive Officer, is determined based on his duties, responsibilities, performance and the Company's operating performance, to be considered and approved by the Board of Directors. The Board of Directors evaluates the performance of the Chief Executive Officer by comparing the stated operating goals and objectives on an annual basis (short-term). During any operating year, the Management will compare the Company's actual operating performance with the stated operating goals and objectives, and present the result of the comparison in each Board of Directors' meeting and prior to preparing operating budgets for the next year. (Long-term Remuneration Policy of Chief Executive Officer can be found under "Corporate Social Responsibility")

## 11. Corporate Governance Policy and Business Ethics

The Board of Directors has emphasized on good corporate governance. The Good Corporate Governance Committee was established to determine and specify monitoring and evaluation guidelines since 2018 onwards and to promote implementation of, and compliance with CG Code and adopted into good corporate governance policies. For the CG Code can be classified into 8 principles as follows:

	<u>CG Code</u>	<u>CG Principles</u>
<u>Principle 1</u>	Establish Clear Leadership Role and Responsibilities of the Board	(5) Responsibilities of the Board of Directors
<u>Principle 2</u>	Define Objectives that Promote Sustainable Value Creation	(5) Responsibilities of the Board of Directors
<u>Principle 3</u>	Strengthen Board Effectiveness	(5) Responsibilities of the Board of Directors
<u>Principle 4</u>	Ensure Effective CEO and People Management	(3) Roles of Stakeholders
<u>Principle 5</u>	Nurture Innovation and Responsible Business	(3) Roles of Stakeholders
<u>Principle 6</u>	Strengthen Effective Risk Management and Internal Control	(3) Roles of Stakeholders
<u>Principle 7</u>	Ensure Disclosure and Financial Integrity	(4) Disclosure and Transparency
<u>Principle 8</u>	Ensure Engagement and Communication with Shareholders	(1) Shareholders' Rights (2) Equal Treatment to Shareholders

The Company has disseminated its good corporate governance policies via its website to show its intent to operate under the good corporate governance practices to ensure its operation transparency. Employees are given a written good corporate governance manual and urged to work ethically and be in compliance with good corporate governance policies.

To ensure that all employees understand the rules, regulation, code of business conduct, and do the right thing right. The company had conducted to Board of Directors, Management and all employees to do the rules and regulations testing on company's intranet and had evaluated the level of understanding of employees from the testing results to improve the communication to employees to understand and aware of their role in promoting corporate governance. In addition to employees shall do the rules testing as a part of key performance indicators (KPI) and the employees who had joined to work during the year, they shall do the rules testing which is considered to be a part of the performance evaluation. The company also encourages employees to aware the compliance culture which is the key performance indicators (KPI).

In the Year 2020, compliance with good corporate governance policies was evaluated. The results of evaluation indicate that the Company was in compliance with most of the specified guidelines and policies in which all directors of the Company attended the Annual Shareholder Meeting including Chairman of the Board of Directors, Chief Executive Officer, Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee and Chairman of Corporate Governance Committee. With regards to Board of Directors Meeting in 2020, all directors attended the meeting 13 meetings from 14 meetings in which two directors who resides overseas attended the meeting via online electronic meeting channel.

## 12. Internal Control and Audit System

The Company's Board of Directors places importance on efficient and effective internal control system. The standard operation procedure is provided in written. The Operations of the back and the front office are clearly segregated as the Company always adheres that a good internal control will contribute the sustainable and efferent achievement to the business, hence, an effectiveness of internal control system shall be evaluated every year throughout and annual internal control evaluation process.

The Company encourages all departments to develop an effective internal control by clearly developing line of command, approval authority for directors as well as operation staffs. In addition, the standard operation procedure as well as user manual is provided in written and subjected to regular review. In Year 2020, the Company had reviewed and refined significant policy, for instance, Anti-Corruption Policy, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) Policy and Proliferation of Weapon of Mass Destruction Policy, Whistleblowing Policy, IT System Management Policy, Amendment of guideline on punishment of capital persons . Moreover, the Company has provided training courses for employees in order to develop their knowledge and skills which can help supporting the Company's business expansion and to create effectiveness, transparency of Management and staffs which can be audited.

The Board of Directors appoints Risk Management Department and Risk Management Committee having the duty to prescribe the policy concerning risk management and to handle all relevant risk management functions and propose to the Board of Directors in consideration for granting approval. It is a responsibility of Risk Management Department to report risk management performance and significant issues to the Board of Directors on regular basis as well as to review relating policies, for instance; a policy concerning the risk assessment and adequacy of Net Capital Ratio, Crisis Management Policy as well as procedures relating to the determining of various ratios in order to oversight the business expansion, Monitoring and Assessing the impact that may arising from a significant events.

For the development of Information Technology system, the Company has allocated significant amount of budget for information technology system to ensure that the Board of Directors, Executives, stakeholders, for instance; shareholders or regulators are notified with accurate, complete and reliable information within reasonable time. In addition, the Company also places high importance on the security of information technology system to provide service to an increasing number of the Company's customer.

The Company has established an Internal Audit Department which reports directly to Audit Committee. The Internal Audit Department is responsible for auditing to evaluate an effectiveness of internal control and risk management of each department within the Company following the approved audit plan. For the issues and risk noted from audit process, the Company has accelerated to rectify the operational processes by considering the root cause as well as to develop a measure to prevent the reoccurrence of the issue. Moreover, Internal Audit also monitors each department to comply with laws, regulations and policies in order to ensure that the internal control system is effective and adequate and the information is accurate, reliable and is delivered in a timely manner. In addition, Internal Audit is also monitors and audits to ensure that the Company has a control system on financial report, operation process as reports to be submitted to relevant regulators.

The Company has all along been in compliance with accounting and financial report standards as stipulated by the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King as well as the requirements specified by the Stock Exchange of Thailand, the Securities Exchange and Commission Thailand and other relevant regulators. Moreover, the Company has been operating the business with transparency and conformed to good corporate governance guidelines and effective internal control, system which is suitable for current business situation.

13. Conflict of Interest

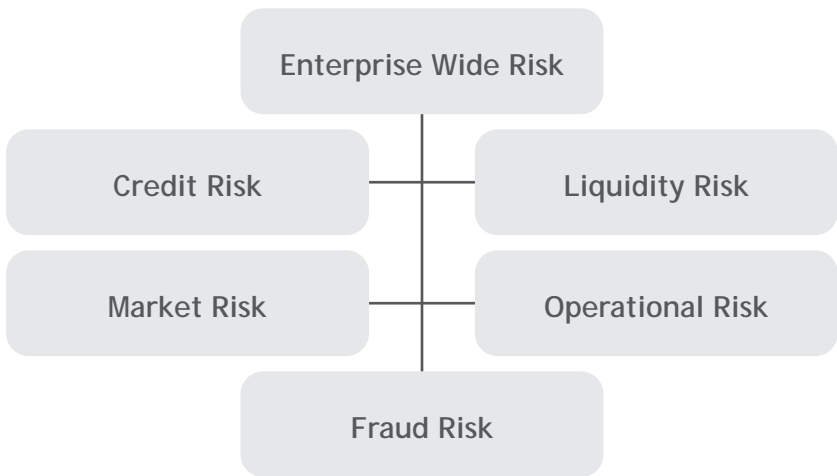
The Board of Directors set up a clear policy and operational guideline regarding consideration and approval of matters that may cause conflict of interest. Directors shall disclose their conflict of interest prior to the meeting, if any. Directors are not allowed to attend or vote in the meeting should there be a conflict of interest. In case there may be any transactions or matters with material conflict of interest, the Board of Directors must assign the Audit Committee to consider and propose their opinion to the Board of Directors. In case the Audit Committee has no expertise in considering and providing their opinion regarding the transaction, the Audit Committee may assign an independent expert or the auditor to provide their opinions in regarding the transaction for final consideration and approval by the Board of Directors or the shareholders’ meeting as the case may be. In the year 2020, there was no related transactions, however transactions had been considered by the Audit Committee prior to submitting the proposal to the Board of Directors for consideration. Related transactions were disclosed in the financial statements.

14. Risk Management Policy

In operating business, the Company may face both internal and external business risks. In order to cope with such risks, the Company has continually developed and implemented risk management systems. The Board of Directors has approved policies and procedures to be used as a guideline which will help developing effective business operations under risk appetite.

Overview of Risk Management

- Risk management at both policy and operating level shall be under the responsibility of Risk Management Committee and other related Committees;





- Operation of the Company is under the organizational structure, with check and balance mechanisms; and
- Risk management policies and guidelines in each area are in written form for reference by management and employees.

The risk management system is developed on the basis of care and continual improvement, taking into account the best interests of shareholders, clients, employees and the society. Details are indicated in “Principle 6: Strengthen Effective Risk Management and Internal Control.

## 15. Development of Directors and Executives

15.1 The Company has prepared a succession plan for Director and the Chief Executive Officer on both ad-hoc and permanent basis. On an ad-hoc basis, other executives will act in such capacities on a temporary basis. On a permanent basis, the Nomination Committee will consider and appoint appropriate qualified personnel in advance with sufficient period of time in order to carry on the duty of Director or Executive in the near future. The Company’s succession plan is to be agreed and considered from the Nomination and Remuneration Committee prior to propose to the Board of Directors for approval.

15.2 The Company encourages and facilitates training and development for its staff. In 2020, it sent the Senior Executives, Company’s secretary and Audit Committee’s secretary to attend a training course regarding corporate governance. The Company urged its directors to attend classes aimed at improving and developing their knowledge and understanding the roles, duties and responsibilities of directors. Please refer to below tabulation for the record of training attended by the Directors.

Course	Date of Attendance	Name of Director/ Management/ related employees
5G technology & business trends Satellite industry trends update APAC & Thailand tech startup by Intouch Holding Public Company Limited	1 December 2020	Ms. Sopawadee Lertmanaschai
Machine Learning & AI by Massachusetts Institute Technology (Online Learning)	9 January 2020	Mr. Montree Sornpaisarn
Digital Strategies by Columbia University (Online Learning)	7 December 2020	Mr. Montree Sornpaisarn
Value Investing by Columbia University	23 March 2020	Mr. Montree Sornpaisarn
Anti-Money Laundering Prevention Law Section 13 and Section 16 from The Anti-Money Laundering Office (AMLO)	24 December 2020	Mr. Montree Sornpaisarn
Capital Market Academy for Senior Executive	3 December 2020	Mr. Prasert Tantayawit
SET the Next Move & New E-AGM Service	20 October 2020	Ms. Panut Javalkul
One Report - Change for Sustainability	9 November 2020	Ms. Panut Javalkul

## 16. Remuneration of Auditor

### 16.1 Audit Fee

For the appointment of auditor, audit fee including the independence of auditor shall be given approval from the Audit Committee prior to propose to the Board of Directors and shareholders for approval.

- For the Year 2018, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,600,000 Baht.
- For the Year 2019, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,700,000 Baht.
- For the Year 2020, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,900,000 Baht.

### 16.2 Non-Audit Fee

To ensure independence of external auditors our Company has adopted policies setting maximum limit on the award of non-audit consultancy and advisory works to external auditors. In 2020, the Company did not pay any non-audit fee to Company's auditor or auditing company.

For past 2 years, the Company's director and senior management do not work in the auditing company or had business partnership with the auditing company that the Company has appointed as the auditor.

## Principle 4 Ensure Effective CEO and People Management

### The criteria and the process for appointing directors and senior executives.

In the case of vacancy of Directors and senior management of the company, The Company has the criteria and process for recruiting directors and senior managements with utter most transparency. The nomination committee is responsible for considering the nomination of Directors and senior management based on the knowledge, skills, qualifications, work experience; regardless of gender and fully devoted to their duties. As well as not prohibited by law, the relevant statutes and principles governing parties (Fit and Proper), which will cause the diversity in the structure of the Board. However, in cases where the Company has a new business operation strategy in addition to the in progress original business, nomination Committee shall recruit people with qualifications and experience that match the new business of the Company. In order for the Board of Directors and/or the shareholders ' meeting to consider and approve (as the case may be), which is in the process of appointing the directors of the Company.

## Principle 5 Nurture Innovation and Responsible Business

The Company has oversight on information technology management both corporate level and overall regional management by Group Information Technology Steering Committee: GITSC. IT Risk Management, a part of Operation risk, is provided monitoring and reporting result to Management Risk Committee : MRC of the Company and the Maybank Group. In relation to check & balance, the Company has Internal Audit Department and Group Internal Audit to provide technical IT audit result and reported to Audit Committee for monthly updating /improvement technical work in process.

The Company has IT Security Policy to be aligned with the Maybank Group and proceed the measures on IT Risk Management as follows:-

- Annual Business Continuity Management
- Annual Cyber Security Incident Response
- IT Asset Management, including audit management process on IT obsolete assets
- Penetration Test and Vulnerability Scan

## Principle 6 Strengthen Effective Risk Management and Internal Control

### Enterprise Wide Risk

The Company has set up Risk Appetite Statement (“RAS”) for each operating module to be used as a guideline for annual strategic, operational and business planning. The RAS is agreed by Risk Management Committee and approved by the Company’s Board of Directors. The evaluation will cover key risk factors both internal and external that the Company might face. The Key Risk Indicators (“KRI”) has been developed for the purpose of risk evaluation according to the RAS. The evaluation result has always been proposed to the Directors in which it can be used as a tool for business management and to mitigate possible risk that might occur in the future.

### Credit Risk

- The Company has delegated its authority for the approval of Equity and Derivatives credit line in the level of both an individual and the Board of Directors. A procedure for annual credit line review for all clients as well as a case-by-case credit line review for a particular client has also been prescribed.
- Create a unit that is independent from the Front Office to create check and balance mechanisms;
- The company specifies additional requirement for Marginable account and Derivatives account in which the credit line and margin loan given to the clients will be classified into two categories including the credit line for margin loan which is evaluated by the client’s financial status and the credit which will be varied by the amount of collateral deposited.
- The Company does not allow margin loan for high-risk share. The Company has established a clear and concise procedure for marginable securities selection and initial margin set up.
- The Company places importance on debt collection following internal policy and regulatory requirements.

## Market Risk

Market Risk can be classified into three categories, namely:

### 1. Price Risk

- This is the risk that the value of the Company's investment portfolio may decline due to decline in the value of debt and equity securities the Company invests in. To deal with this kind of risk, the Company has developed and implemented the so-called "Risk Management Policies and Guidelines-Market Risk" with the aim to specify clear policies regarding securities investment and market risk management. Such policies have specified roles, duties and responsibilities of directors and management regarding investment management, policies regarding securities investment, investment risk diversification, investment loss limit and etc.
- The Company has also developed and implemented the so-called "risk ceiling level", level of warning signs and stop-loss trigger actions such as Delta, Gamma, VaR, PV01 including the Stop-loss Limit under the Trading Book Limit Policy which was approved by the Company's Board of Directors.

### 2. Interest Rate Risk

- This is the risk caused by a mismatch between the time gap before interest rates can be reset (for floating-rate contracts) and the term of contracts (for fixed-rate contracts). To deal with this risk, the Financial Department shall be responsible for monitoring changes and movements in interest rates, as announced by many financial institutions, and report to the Chief Financial Officer and other involved officers. This will allow the Company to reset its interest rates in line with changes in market interest rates.

### 3. Exchange Rate Risk

- The Company has clearly prescribed Risk Management policy in concerning with exchange rate risk describing that company does not operate foreign currencies business and has no policy for trading or speculating from the exchange rate. Any transaction relating with foreign currencies, company shall consider being used the financial instrument for hedging of such transactions upon appropriate occurrence.

## Liquidity Risk

In regard to management of liquidity risk, it is realized that NCR is an important tool for measuring and monitoring the Company's liquidity risk. NCR is also used in specifying the scope of transactions. Thus, the Risk Management Department is assigned to be responsible for closely monitoring NCR figures as prepared by the Accounting Department. In addition, Company shall assign Chief Financial Officer to be the person who shall responsible for the management of the liquidity risk with due care and shall require to make the report for the purpose of monitoring and reporting to Chief Executive Officer including related regulators.

The Company also set up annual Capital Plan to ensure that the capital and liquidity is adequate for the business plan including the capital management policy which has level of warning in advance and guideline for operation after NCR lowers to each level with the emergency plan in order to ensure that the Company has appropriate capital management to effectively utilize in time.

In addition, Company has also prescribed credit line range as Company had possessed with other financial institutions, of both accumulated credit line and unutilized credit line, in order to be used for the liquidity management and reserved for the emergency case as well.

## Operational Risk

- As operational risk is embedded in all processes and the risk that company focus and define clearly policy and provide the RCSA and KRI to analyze risk and to find out the method of prevention in advance.
- The organizational structure with clear scope of authority and responsibility of each department and check and balance mechanisms and to be consistent with the guidance policy of regulators are implemented.
- Standard working procedures in written form are developed and implemented, with the independent Compliance Unit, under the direct control of the Audit Committee, responsible for auditing tasks.
- Creation and implementation of Business Continuity Management (BCM) and Business Continuity Planning (BCP) and follow up and test annually.
- In addition, to protect the Company from certain operational part, the Company has prevented and transferred the risk by insured with well-established insurance company.

## Fraud Risk

To encourage employees to maintain honesty in performing duties at all time, the Company emphasizes and places importance on establishing employees' awareness to counter fraud as it is considered as an unacceptable action. Fraud can cause major damage to the Company not only financial damage, but reputation and other possible losses, for instance, the possibility to be terminated on business license. Thus, the Company has developed an Anti-Corruption Policy and operational rule for the purpose to proceed adhere to such policy and rule, and also establish a culture which all employees within organization are aware and help preventing the possible. In establishing anti-fraud culture, collaboration from top management to encourage employees at all levels to counter fraud, protect the company's reputation and resources is required. In addition to the collaboration from top management, training is another important tool to create awareness and knowledge concerning risk management to all employees. The Company also develops Risk Culture by creating employees' acknowledgement and recognition towards an importance of risk in which risk exists, possible to occur, affects and prevent the Company from fulfilling business target. Meanwhile, the company has Anti-Corruption policy and operational rule in all aspects, in this regard, company has given approval and certified from private sector collective action coalition against corruption (CAC) on 21 May 2019 and declared the intention on 21 September 2001. The certification will be expired on 21 May 2022.

## Internal Control and Audit System

The Company's Board of Directors places importance on efficient and effective internal control system. The standard operation procedure is provided in written. The Operations of the back and the front office are clearly segregated as the Company always adheres that a good internal control will contribute the sustainable and efferent achievement to the business, hence, an effectiveness of internal control system shall be evaluated every year throughout and annual internal control evaluation process.

The Company encourages all departments to develop an effective internal control by clearly developing line of command, approval authority for directors as well as operation staffs. In addition, the standard operation procedure as well as user manual is provided in written and subjected to regular review. In Year 2020, the Company had reviewed and refined significant policy, for instance, Anti-Corruption Policy, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) and Proliferation of Weapon of Mass Destruction Policy, Whistleblowing Policy, IT System Management Policy, Guideline on gift and reception. Moreover, the Company has provided training courses for employees in order to develop their knowledge and skills which can help supporting the Company's business expansion and to create effectiveness, transparency of Management and staffs which can be audited.

The Board of Directors appoints Risk Management Department and Risk Management Committee having the duty to prescribe the policy concerning risk management and to handle all relevant risk management functions and propose to the Board of Directors in consideration for granting approval. It is a responsibility of Risk Management Department to report risk management performance and significant issues to the Board of Directors on regular basis as well as to review relating policies, for instance; a policy concerning the risk assessment and adequacy of Net Capital Ratio, Crisis Management Policy as well as procedures relating to the determining of various ratios in order to oversight the business expansion, Monitoring and Assessing the impact that may arising from a significant events.

For the development of Information Technology system, the Company has allocated significant amount of budget for information technology system to ensure that the Board of Directors, Executives, stakeholders, for instance; shareholders or regulators are notified with accurate, complete and reliable information within reasonable time. In addition, the Company also places high importance on the security of information technology system to provide service to an increasing number of the Company's customer.

The Company has established an Internal Audit Department which reports directly to Audit Committee. The Internal Audit Department is responsible for auditing to evaluate an effectiveness of internal control and risk management of each department within the Company following the approved audit plan. For the issues and risk noted from audit process, the Company has accelerated to rectify the operational processes by considering the root cause as well as to develop a measure to prevent the reoccurrence of the issue. Moreover, Internal Audit also monitors each department to comply with laws, regulations and policies in order to ensure that the internal control system is effective and adequate and the information is accurate, reliable and is delivered in a timely manner. In addition, Internal Audit is also monitors and audits to ensure that the Company has a control system on financial report, operation process as reports to be submitted to relevant regulators.

The Company has all along been in compliance with accounting and financial report standards as stipulated by the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King as well as the requirements specified by the Stock Exchange of Thailand, the Securities Exchange and Commission Thailand and other relevant regulators. Moreover, the Company has been operating the business with transparency and conformed to good corporate governance guidelines and effective internal control, system which is suitable for current business situation.

## **Conflict of Interest and Preventive Policy regarding use of Confidential Information**

The Board of Directors set up a clear policy and operational guideline regarding consideration and approval of matters that may cause conflict of interest. Directors shall disclose their conflict of interest prior to the meeting, if any. Directors are not allowed to attend or vote in the meeting should there be a conflict of interest. In case there may be any transactions or matters with material conflict of interest, the Board of Directors must assign the Audit Committee to consider and propose their opinion to the Board of Directors. In case the Audit Committee has no expertise in considering and providing their opinion regarding the transaction, the Audit Committee may assign an independent expert or the auditor to provide their opinions in regarding the transaction for final consideration and approval by the Board of Directors or the shareholders' meeting as the case may be.

The Company has long realized that the use of confidential information by insiders may be unfair to shareholders. Thus, the Company formulated a formal policy and asked for cooperation from its directors, management and employees that may be exposed to the Company's non-public financial information not to trade the Company's securities 30 days prior to public dissemination of the Company's quarterly financial performance. The Company has adopted a policy governing the Use of Confidential Information by directors, managements, and employees who must strictly follow. Directors, managements, and employees must not use confidential information of the Company or partner of the Company to buy, to sell or a solicitation to buy or sell, or a third party offer to purchase or sell securities of the Company or business partners for its own sake or other persons. In the Year 2020, no directors, management and employees who may be exposed to the Company's non-public financial information violated the Company's securities trading policy.

Directors and management are required to prepare disclosure reports of their securities holdings and changes in such holdings to the Office of the SEC in accordance with Section 59 of the Securities and Exchange Act. Directors and management are also required to submit such disclosure reports to the Board of Directors relating to trading of the Company's shares at least 1 day in advance of the trading date. In the Year 2020, all directors and management were in full compliance with such reporting requirements.

Any directors and management with any potential conflict of interest with the Company are required to disclose such conflicts to the Board of Directors immediately. No directors or management with potential conflict of interest are allowed to attend the meeting approving the transaction which the Company will enter into with its interested persons. In the Year 2020, none of the directors and management had any potential conflict of interest with the Company.

The Company has a policy in which Audit Committee will consider any connected transaction or conflict of interest in order to ensure that such transactions reasonably occur to the best benefit of the Company and must be approved by the Board of Directors. The company has complied with the rule of SET including disclosure of the connected transactions, fair and at arms' length, and the significant transaction that require approval from shareholder. The connected transactions for year 2020 the details on topic "connected transactions".



## Anti-Corruption Policy

The Board of Directors has stipulated the Anti-Corruption Policy with an aim to counter all types of corruption including the banning of bribery for the business interests. The Company has a process to evaluate the potential risk of corruption (RCSA: Risk Control Self-Assessment) that may arise from the operation of its business as well as a guideline set for monitoring and control to prevent and pursue the risk of fraud and potential corruption risk annually and also reviews the risk measure to keep it in Zero-Tolerance level. The Company's Internal Audit Department will serve to monitor and evaluate an effectiveness of the implementation of Anti-Corruption Policy as well as to report the evaluation result to the Board of Directors. In addition, the Company has already conducted training for employees at all levels to ensure their awareness and understanding toward the policy.

## Whistle Blowing

The Company provides a channel for the stakeholders to place queries or file a complaint by appointing the department which independent in its operation to examine the adequacy and appropriateness of the facts in order to ensure that the complaints are handled with transparent and fair manner and to protect the informant or petitioner with fairness. (Please refer to the Company's Whistle Blowing Policy which is provided separately from this policy.) Channels for whistle blowing and complaints filing. The stakeholders can file a complaint against an action of direct or indirect fraudulent or corruption via channel as stated in this policy. The informant must provide the detail of compliant or trace and evidence or any support information as well as the name, address and contact number and submit all the details via following channels;

1. Tel: 02-658-5155
2. E-mail:  
Compliance\_head@maybank-ke.co.th
3. Mailbox:  
Compliance Department  
Maybank Kim Eng Securities (Thailand) Public Company Limited  
The Office at Central World, 20<sup>th</sup> - 21<sup>st</sup> Floor  
999/9 Rama I Rd., Pathumwan, Bangkok 10330

All stakeholders, including shareholders, clients, competitors, creditors, government agencies, community and employees of the Company have the right to file a complaint or report against an action of fraudulent or corruption via the provided channels. The information will be kept with the highest confidentiality.

In addition to the above channels, the stakeholders can also contact or file a complaint directly to the Board of Directors in written and submit the letter to the Company via mail box or Company's website.

## Safeguards

Provided Company's safeguard for whistleblowers as follows:-

- (1) Committed to protect any Employee who has made a disclosure on wrongdoings involving other Employees.
- (2) in raising a concern, the Whistleblower shall not be subjected to any discrimination or unfair treatment
- (3) If the Whistleblower believes that he/she has been subjected to discrimination, retaliation, threats or harassment for making the disclosure, he/she may highlight the matter to the Designated Recipient
- (4) The Company shall ensure details of the Whistleblower and all relevant matters pertaining to the report would be kept confidential so long as permitted by the relevant laws.

Provided Company's safeguard on filing complaint as follows.

- (1) check evidence and related compliant documents from the Recipient
- (2) propose to the Audit Committee for consideration on fact
- (3) provide additional investigate on violations the rules, process, fraud or corruption or disciplinary action for employees
- (4) report to Audit Committee of Maybank Group

<b>Principle 7    Ensure Disclosure and Financial Integrity</b>
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The Company put emphasis on disclosing accurate, sufficient and timely financial data and other necessary information to the public and all stakeholders on a fair and equal basis via various channels. In doing so, the Company did as follows:

**1. The long-term goal of the Company**

The Company has a target to 3,000 million baht in revenue by the year 2021. The Company has developed an appropriate work plan to supports the opportunities and challenges in the future, as well as fulfilling the needs that are required to have corporate social responsibility in every aspect of the operation.

**2. Efficiency of Financial reporting and disclosure of important information Process in accordance with the Rules of Listed Companies**

The Board is responsible for ensuring that the preparation of financial reports and disclosure of important information is correct, sufficient and timely in accordance to the standard and guidelines as follows:

- To provide sufficient personnel associated with the preparation and disclosure of information, with the knowledge, skills and experience appropriate to the duties and responsibilities; including Chief Executives in accounting and finance division, accountants, internal audit, Corporate Secretary and investor relations officers.
- Approval of disclosure of information, such as the company's financial report, shall consider the factors as follows:
  - Assess the adequacy of the internal control system.
  - Comments of auditors on financial report and the observations of the Auditors regarding the internal control system.
  - The opinion of the Audit Committee.

- The disclosure of information in accordance with relevant rules such as financial statements, annual registration statement (Form 56-1), annual report (Form 56-2), Management Discussion and Analysis, and quarterly financial statements via the SETLink System and its website in both Thai and English languages. The Company continually updates such information.
- Monitor the adequacy of financial liquidity and ability to pay debts. For the Year 2020, the Company strictly complied with relevant disclosure rules and was not penalized or sanctioned by relevant regulatory bodies due to improper disclosure of information.

### 3. Quality of Financial Reports

The Board of Directors prepared the Report regarding the Responsibility of the Board of Directors for Financial Reports that was accompanied by the Auditor's Report in the Annual Report. This report is signed by the Chairman, the Chief Executive Officer and the Chief Operating Officer. The Company has disclosed such information on the Company's website. In addition, the Company provided quarterly Management Discussion & Analysis (MD&A) as a purpose of giving a better understanding for investors to acknowledge the change of Company's financial position and operating results.

The Board of Directors assigned relevant departments to take of sustainability report as a part of Company's Annual Report on continuous basis while Corporate Communication Department is in charge of providing information service i.e. Company's news and activities and communicating corporate information to shareholders and investor by way of accuracy of information disclosures via various channels such as publication, company's website, newspaper, on-line medias, seminars and press conference, etc. As aforesaid corporate information will provide bilingual languages in Thai and English version thru company's website, social media such as Facebook regularly, including promoting/publicizing information by any IT application.

### 4. Investor Relations

1. The Board of Directors has set up an Investor Relations Unit that is under the direct control of the Corporate Communications Department. The Investor Relations Unit is responsible for disseminating accurate, complete and timely data and news regarding the Company's activities to its shareholders, investors, securities analysts and the general public via various forms of media such as brochures, newspaper, radio, television, meetings and the website. The Investor Relations Unit also assists shareholders in case they have difficulty contacting the Company. For 2020, the Company organized educational session for investors such as Opportunity Day as follows:-

1. Opportunity Day 4 times/year (Quarterly)
2. Analyst Meeting 1 time/year (October 2020)
3. Press Release 1 time/year (2 November 2020)

In addition, the Company has disseminated information and news via SET and company website regularly. The Company adhered to the principle of accuracy, transparency and benefit to all stakeholders of the Company equally.

Investors can contact the Investor Relations Unit at Phone No.0-2658-6300 ext. 5180 or; By E-mail: [CorporateCommunication@maybank-ke.co.th](mailto:CorporateCommunication@maybank-ke.co.th)

## Shareholders' Rights

The Board of Directors formulated a written corporate governance policy comprising policies on protecting the shareholders' rights and encouraging shareholders to utilize their rights, including basic rights and extra rights, such as the rights to: receive profit contribution in the form of dividends; obtain accurate, adequate and transparent information for making investment decisions; vote on major issues related to the Company; express opinions in the shareholders' meeting; participate in making decisions regarding major changes in the Company; and electing directors. For the Year 2020, the Company fulfilled the rights of shareholders as follows:

### 1. Right to Receive Dividends

For the Year 2019, the Company made dividend payment at the rate of Baht 0.86 per share, or a payout ratio of 193% of net profit of Year 2019 in which exceeds the specified dividend payout policy of at least 40% of the Company's earnings after deducting all required legal reserves. For the Year 2020, the Company had made a dividend payment at the rate of Baht 0.60 per share, or a year-ended payout ratio of 71% of year-ended net profit of Year 2020.

### 2. Right to Attend the Shareholders' Meeting

2.1 The Company allowed its shareholders to propose meeting agendas at least 3 months prior to the date of the shareholders' meeting via the Company's website since October 12, 2019 to January 15, 2020.

2.2 The Company allowed its shareholders to submit questions approximately 1 month prior to the date of the shareholders' meeting via its website since February 14, 2020 to March 24, 2020 and July 3, 2020 to August 7, 2020 (Due to the Coronavirus (COVID-19) pandemic, the Annual General Shareholder's Meeting was postponed from April 2, 2020 to August 14, 2020).

2.3 The Company notified shareholders of the resolutions from the meetings of the Board of Directors regarding date, time, place and meeting agendas 52 days prior to the date of general shareholders' meeting via the SET Link system.

2.4 The Company informed its shareholders via the SET Link System that it posted notice of its shareholders' meeting on its website 41 days prior to the date of each meeting for thorough consideration. In addition, the clarifications and reasons of each agenda will be stated in the notice of shareholders' meeting. The Company posted notice of the shareholders' meeting, including relevant information such as date, time, place, and meeting agendas, via its website 41 days prior to the date of meeting as the place for shareholders' meeting has been prepared for the shareholders' convenience of transport. In 2020, Due to the coronavirus (COVID-19) pandemic in which the government has announced the emergency decree as well as to provide safety and convenience for the Company's shareholders, the Company arranged the 2020 Annual Shareholder's Meeting via electronics channel by outsourcing the Conovance company, the certified service provider by Electronics Transaction Development Agency (ETDA), Ministry of Digital Economy and Society to arrange 2020 Annual General Shareholder's Meeting

2.5 The Company requested Thailand Securities Depository Co., Ltd. (TSD), acting as the Company's securities registrar, to mail notices of general shareholders' meetings to all shareholders 21 days prior to the date of each meeting and relevant documents are prepared both Thai and English versions to be enclosed with the Thai and English version of notice of shareholders' meeting.

2.6 The Company continually updated information on its website for access by its shareholders.

2.7 The Board of Directors facilitated the shareholders' rights including institutional investors to attend the shareholders' meeting by prohibiting any acts that may limit or restrict shareholders' access to Company information or the general shareholders' meeting. No immediate changes in information provided during the meeting are to be made or ad-hoc meeting agendas proposed. Shareholders who arrive late will be allowed to attend the shareholders' meeting.

2.8 Prior to proceeding on the meeting agenda, the chair of the meeting briefed the meeting process and voting method of each agenda to the shareholders so that they can properly and correctly execute their rights and to ensure that the meeting process is in order and efficiently.

2.9 The chair of the meeting allowed shareholders convenient and adequate time to explain the process of voting and a mean to indicate the result before the meeting will be conducted including offer the opportunities to the shareholders to raise their issues or question. Moreover, there will be the record of questions and answers and the result of voting for each agenda. In addition, the meeting allowed shareholders to express their opinion on each agenda item and ask questions at the shareholders' meeting. However, there will be no amendment of information or any change of agenda to the meeting. The Company disclosed minutes of the meeting for the shareholders' review via its website. Details of the meeting could also be accessed via video posted on the Company's website.

2.10 The Board of Directors supports the adoption of technology for the meeting. Consequently, the meeting is conducted rapidly, accurately, and precisely, for example utilizing electronics media platform to arrange the Annual General Shareholder's Meeting for convenience and safety of shareholders without shareholder's travelling to the meeting venue in person which would make shareholders at risk of contracting coronavirus but instead could attend the meeting via online channel. The Company outsourcing the Conevance company, the certified service provider by Electronics Transaction Development Agency (ETDA), Ministry of Digital Economy and Society to arrange 2020 Annual General Shareholder's Meeting

2.11 In the shareholders' meeting, the chairman of each sub-committee, namely the Chair of the Audit Committee, the Chair of the Nomination and Remuneration Committee, the Chair of the Remuneration Committee and the Chair of the Good Corporate Governance Committee, attends the meeting. Shareholders are allowed to ask questions on relevant issues. The Company had disclosed the minutes of the meeting for the shareholders' review via its website. Details of the meeting can also be accessed via video posted on the Company's website.

2.12 In the shareholders' meeting, the chair of the meeting set an arrangement to have examiners for vote counting procedure, which comprises of shareholders' representative to witness the vote counting procedure in each agenda and disclose the result in the shareholders' meeting minutes.

**3. Right to Consider the Director's Earnings and the Election of Directors**

In 2020, the Company granted right for shareholders to evaluate the rate of earning payment for all Directors with a thorough policy and methodology for consideration, which include a fixed salary, pension payment, with no any other benefits.

For the Election of Directors, the Company proposed all Directors' names to the shareholders for voting one by one so that they can make the right decision. The voting result is announced and reported in the shareholders' meeting minutes for shareholders' acknowledgement.

**4. Right to Receive Information and News about the Company.**

The Company has long emphasized on disseminating information and news about the Company to its shareholders so that they would know the progress and activities related to the business of the Company for their consideration. The Company disseminated information and news about its operation via the SETLink System and its website. The Company disseminated accurate, quick, fair, reliable and timely information to all stakeholders.

In addition, the Company allowed its shareholders to submit questions approximately 1 month prior to the date of the shareholders' meeting via its website as well as establishing a forum called Opportunity Day for shareholders and investors to receive any information and news about the Company. Further, the Company has Investor Relation unit to provide service and news about the Company to all investors.

**5. The structure of Company's shareholding**

The details of the structure of the Company's shareholding can be seen in the topic "The structure of shareholding" in which the Company has no any crossing shareholding.

**6. Anti-Corruption Policy**

The Board of Directors has stipulated the Anti-Corruption Policy with an aim to counter all types of corruption (Zero Tolerance Policy), including the banning of bribery for the business interests. The Company has a process to evaluate the potential risk of corruption that may arise from the operation of its business (RSCA: Risk Control Self-Assessment) as well as a guideline set for monitoring and control to prevent and pursue the risk of fraud and potential corruption risk. The Company's Internal Audit Department will serve to monitor and evaluate an effectiveness of the implementation of Anti-Corruption Policy as well as to report the evaluation result to the Board of Directors. In addition, the Company has already conducted training for employees at all levels to ensure their awareness and understanding toward the policy.

**7. Whistle Blowing**

The Company provides a channel for the stakeholders to place queries or file a complaint by appointing the department which independent in its operation to examine the adequacy and appropriateness of the facts in order to ensure that the complaints are handled with transparent and fair manner and to protect the informant or petitioner with fairness. (Please refer to the Company's Whistle Blowing Policy which is provided separately from this policy.) Channels for whistle blowing and complaints filing. The stakeholders can file a complaint against an action of direct or indirect fraudulent or corruption via channel as stated in this policy. The informant must provide the detail of complaint or trace and evidence or any support information as well as the name, address and contact number and submit all the details via following channels;

- Tel: 02-658-5155
- E-mail:  
Compliance\_head@maybank-ke.co.th
- Mailbox:  
Compliance Department  
Maybank Kim Eng Securities (Thailand) Public Company Limited  
The Office at Central World, 20th - 21st Floor  
999/9 Rama I Rd., Pathumwan, Bangkok 10330

All stakeholders, including shareholders, clients, competitors, creditors, government agencies, community and employees of the Company have the right to file a complaint or report against an action of fraudulent or corruption via the provided channels. The information will be kept with the highest confidentiality.

In addition to the above channels, the stakeholders can also contact or file a complaint directly to the Board of Directors in written and submit the letter to the Company via mail box or Company's website.

### Safeguards

Provided Company's safeguard for whistleblowers as follows:-

- (1) Committed to protect any stakeholder who has made a disclosure on wrongdoings.
- (2) in raising a concern, the Whistleblower shall not be subjected to any discrimination or unfair treatment
- (3) If the Whistleblower believes that he/she has been subjected to discrimination, retaliation, threats or harassment for making the disclosure, he/she may highlight the matter to the Designated Recipient
- (4) The Company shall ensure details of the Whistleblower and all relevant matters pertaining to the report would be kept confidential so long as permitted by the relevant laws.

Provided Company's safeguard on filing complaint as follows.

- (1) check evidence and related compliant documents from the Recipient
- (2) propose to the Audit Committee for consideration on fact
- (3) provide additional investigate on violations the rules, process, fraud or corruption or disciplinary action for employees
- (4) report to Audit Committee of Maybank Group

### Fair and Equal Treatment to Shareholders

In the Year 2020, the Company emphasized on the equal treatment of all shareholders with no discrimination against any shareholders whether they are retail investors or institutional investors. The Company followed the SEC & the SET guidelines of good corporate governance practices. The Company's general shareholders' meeting year 2020 was held on August 14, 2020, postponed from April 2, 2020 due to the COVID-19 pandemic and the details are as follows:



## Before the Meeting

1. The Company requested Thailand Securities Depository Co., Ltd. (TSD), acting as the Company's securities registrar, to mail notices of general shareholders' meetings to all shareholders 21 days prior to the date of each meeting and relevant documents are prepared both Thai and English versions to be enclosed with the Thai and English version of notice of shareholders' meeting.
2. The Board of Directors formulated a policy allowing minority shareholders who hold no more than 2% of total paid-up shares to propose additional meeting agenda items and names of persons to be elected as the Company's directors, which is better than SET guidelines that allow only shareholders with a 5% stake to do so, via its website 3 months prior to the date of the general shareholders' meeting. For 2020, the Company allowed minority shareholders to propose additional meeting agenda items and names of persons to be elected as Company directors via the Company website during the period from October 12, 2019 to January 15, 2020 (3 months prior to the AGM which was scheduled to organize on April 2, 2020 and was postponed to August 14, 2020 due to coronavirus (COVID-19) pandemic).
3. In the event that minority shareholders propose additional meeting agenda items; the Board of Directors will include such agenda(s) items in the shareholders' meeting when it deems that such agenda(s) will benefit most shareholders. However, for the 2020 AGM, no minority shareholders had proposed any additional meeting agenda items.
4. In cases where the minority shareholders propose the name of a person to be nominated as a director, the Nomination and Remuneration Committee will consider the qualifications of the proposed person in accordance with the specified guidelines. In the Year 2020, none of the minority shareholders had proposed the name of a person to be nominated as a director.
5. The Board of Directors allowed shareholders to submit questions in advance via the Company's website prior to the date of the shareholders' meeting. For the Year 2019, shareholders were allowed to submit questions from February 14, 2020 to March 24, 2020 and July 3, 2020 to August 7, 2020 due to coronavirus (COVID-19) pandemic, the AGM which was scheduled to organize on April 2, 2020 was postponed to August 14, 2020. Nevertheless, no questions were submitted by shareholders.
6. In cases where the shareholders cannot attend the meeting, the Company allows them to appoint a person or two independent directors whom shareholders delegated authority to proxies to attend and vote on their behalf. In 2020 shareholder's meeting, there were 37 proxies who delegated authority to company's independent directors and other individual to attend the shareholder's meeting.
7. The Company notified resolutions of the BOD meetings regarding date, time, place and meeting agendas 52 days prior to the date of the general shareholders' meeting via the SET Link system on June 22, 2020.
8. The Company informed its shareholders via the SET ELCID System that it has posted the notice of the shareholders' meeting on its website 41 days prior to the date of the meeting on July 3, 2020 for their thorough consideration.
9. The Company publicized the shareholders' meeting information, including the date, time, place, and meeting agenda via its website 41 days, prior to the date of the general shareholders' meeting.
10. The Company asked Thailand Securities Depository (Thailand) Co., Ltd. (TSD), acting as the Company's securities registrar, to mail the notice of the shareholders' meeting to the shareholders 21 days prior to the date of the general shareholders' meeting.

11. The Company posted a newspaper advertisement for at least three consecutive days prior to the date of the shareholders' meeting to inform shareholders of the meeting.

#### On the Date of the Meeting

1. The Company facilitates the meeting registration by utilizing electronics media platform to arrange the Annual General Shareholder's Meeting for convenience and safety of shareholders without shareholder's travelling to the meeting venue in person which would make shareholders at risk of contracting coronavirus but instead could attend the meeting via online channel. The Company outsourcing the Conovance company, the certified service provider by Electronics Transaction Development Agency (ETDA), Ministry of Digital Economy and Society to arrange 2020 Annual General Shareholder's Meeting.
2. The Company holds the shareholders' meeting on the date, at the time and in the place that is convenient for shareholders to attend specified in the notice of the shareholders' meeting. There will be no short notice in relation to changes in the meeting place to avoid shareholders not being able to attend the meeting.
3. The meeting chairman clarifies the quorum, explains the voting (one share per one vote), vote-counting and balloting procedures and clearly discloses voting results on each agenda item.
4. There shall be no ad-hoc meeting on agenda items to be proposed by shareholders, who are the Company's executives.
5. The chair of the meeting will convene the meeting in accordance with the order as specified in the notice of the shareholders' meeting.
6. The chair of the meeting will allow shareholders to ask questions or express their views in a reasonable and adequate way.
7. The chair of the meeting will start to open quorum of E-AGM on the system (E-Meeting), the system will process and show the quorum to the meeting in comply with the law and Article of Association of the listed company. For agenda that open to vote, shareholder or proxy can vote on system in each agenda immediately (E-Voting). As closing the E-AGM meeting the system will also process the quorum at the closing time. The listed company can download the report after closing from the system immediately such as report of open/closing quorum-report of voting result in each agenda, report of voting result by shareholder/proxy and etc. Electronic Log File will store in system during time as required by law for transparency and any arguments (if any).
8. Each shareholder is allowed to exercise his/her rights in electing directors on an individual basis.

#### After the Meeting

1. The Company's Secretary will be responsible for preparing the minutes of the shareholders' meeting with opinions of and questions from shareholders. The minutes of shareholders' meeting would be reviewed for accuracy by the Company's executives and the Chairman.
2. The Company will publicize the minutes of the shareholders' meeting in both paper and video formats via its website 7 days after the date of the meeting, so that shareholders who did not attend the meeting, can check and acknowledge details of the meeting on an equal basis.

## Corporate Social Responsibility for Sustainability



### Overall Corporate Social Responsibility Policy

Maybank Kim Eng Securities (Thailand) Public Company Limited is committed to being a leading financial institution in the region, as well as building a good society for sustainable growth. The Company is well aware that social responsibility is a critical aspect that must be moving forward in parallel with business operation, taking into account the creation of social responsibility values that will bring about maximum benefits to society, community, environment and all parties involved.

### Business Background

Maybank Kim Eng Securities (Thailand) Public Company Limited is a full-service financial institution providing investment services, linking investment networks through its affiliates in major cities in Bangkok and other provinces to fully support all investment requirements. The Company also puts the great emphasis on corporate governance (CG), anti-corruption in all forms (Anti-Corruption) and operations with transparency and justice that can be checked (Transparency), and aims to equip investors and the general public with knowledge and understanding on investing and creating wealth for the public through saving money in order for the country's economy to grow sustainably.

## Human Resources

The Company believes that the development of personnel to be knowledgeable and able to provide good quality service to customers is essential. Under the management of the HR department, the Company provides varied fields of training, such as new trading programs, knowledge on investment, workshop training in various activities and etc. This aims at equipping employees with the knowledge that they can apply to the daily life. The Company constantly improves employees' potential at all levels so that they can provide accurate information and excellent customer service covering its 30 branches nationwide. This is based on the principle of ethics and code of conduct, initiatives on the working environment where employees have a good relationship with each other and work together equitably, with unity. Our employees work with integrity, transparency and verifiable. In addition to the training of employees, the Company has raised the consciousness of social responsibility among all employees at all levels seriously and continuously. With the confidence that the company will be good, the society must be good. We have encouraged employees to be creative and develop their full potential while promoting social and environmental development in the organisation. And this will make us a learning organisation and a happy workplace. We have always cultivated a sense of loyalty to employees, while promoting code of conduct, compliance with official standards and instill corporate culture practices known as TIGER CORE VALUE.

<b>T</b>	<b>I</b>	<b>G</b>	<b>E</b>	<b>R</b>
Teamwork	Integrity	Growth	Excellence & Efficiency	Relationship Building

## Implementation and the Corporate Social Responsibility Report

The Company has adopted the standards for the development and implementation of CSR in accordance with the Corporate Social Responsibility Guidelines of the Stock Exchange of Thailand, which are generally accepted and internationally accepted. The business relationship with the stakeholders is as follows.

Stakeholders	Policy	Guideline for stakeholders participation
 <p>Shareholders</p>	<ul style="list-style-type: none"> <li>• Create a good performance.</li> <li>• Make profits grow continuously and firmly.</li> <li>• Operate business with prudence, transparency, ethics and integrity.</li> </ul>	<ul style="list-style-type: none"> <li>• 2020 Annual General Meeting of Shareholders was hosted via online meeting (E-AGM).</li> <li>• Provide information through “Opportunity Day” event.</li> <li>• Communicate through various channels such as website, email, phone, etc.</li> <li>• Receive feedback and complaints.</li> </ul>
 <p>Clients</p>	<ul style="list-style-type: none"> <li>• Service with quality</li> <li>• Service with ethics, transparency and verifiable</li> <li>• The service is fair, not take advantage over the clients.</li> <li>• Keep the customer’s information confidential.</li> </ul>	<ul style="list-style-type: none"> <li>• There are channels to communicate with customers.</li> <li>• Customer Satisfaction Survey</li> <li>• Receive feedback and complaints.</li> </ul>
 <p>Trading partners Business partners Creditors</p>	<ul style="list-style-type: none"> <li>• Doing business in good faith, not taking advantage over them.</li> <li>• Treat them with prudence, transparency, ethics and verifiability.</li> <li>• Having a fair and transparent process of work and selection.</li> </ul>	<ul style="list-style-type: none"> <li>• There are channels to communicate with Trading partners Business partners Creditors.</li> <li>• Receive feedback and complaints.</li> </ul>
 <p>Society and environment</p>	<ul style="list-style-type: none"> <li>• Awareness of care, support and development of social and environmental activities to help create a better society and community, and to create a better environment and conserve natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage the community to participate in the activity.</li> </ul>
 <p>Employees</p>	<ul style="list-style-type: none"> <li>• Continuously hold staff’s potential development trainings.</li> <li>• Set up a workplace and a good working environment to be safe and appropriate for working.</li> <li>• Provide employee benefits to help employees improve their quality of life.</li> <li>• Comply with the requirements of human rights</li> <li>• Treat employees fairly and equally.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a workplace and a good working environment to be safe and appropriate for working effectively.</li> <li>• Provide channels for communications with Employees</li> <li>• Receive feedback and complaints.</li> </ul>

The Company has conducted its business under ethics and code of conduct in year 2020 to assure sustainable growth as provided below:

## 1. Good Governance



The Board of Directors of Maybank Kim Eng Securities (Thailand) Public Company Limited attaches great importance to fair business operations by creating good corporate governance guidelines. The Company is confident that good corporate governance will help prevent damage from carelessness and helps it to be more efficient in managing and using resources. It shall as well as create credibility for all stakeholders. In addition, it shall give the Company the sustainability growth, create value to shareholder and provide the benefits to shareholders and execute with fair to stakeholders with reference to information that are provided in “Corporate Governance” part. In addition, for the clear procedure, good attitude building and honest culture for the Board of Directors, Management and staffs, the Company has also established the Code of Conduct as a Company’s policy for everyone to comply.

## 2. Anti-Corruption



Certified and awarded by Thailand’s Private Sector Collective Action Coalition Against Corruption on May 21, 2019, the Company has zero tolerance policy for any corruption or bribery. The certification will be expired on 21 May 2022.

In addition, the Board of Directors has established a Zero Tolerance Policy to counter corruption in all forms and prohibits all forms of bribery. The Company has a process called RCSA: Risk Control Self-Assessment on a regular basis and review the risk management measures to be at Zero-Tolerance along with establishing guidelines on supervision to prevent and monitor corruption risks that may occur. The Company’s internal audit department will monitor and evaluate the implementation of the anti-corruption policy presented to the Board of Directors.

The Company has communicated and organised training for employees at all levels in order to acknowledge the anti-corruption policy and practices, including related policies, such as business ethics, No Gift policy (includes entertainment & corporate hospitality) and Conflict of Interest policy. All employees have access to various policies and guidelines, including a test on the rules and performance through the company’s Intranet system. And the results are used to assess their knowledge and understanding and to improve communication so that employees have a thorough understanding and realize their role and duty in promoting anti-corruption. In addition, the Company also encourages all employees to be aware of the Compliance culture as well.



The Company has guidelines on supervision and monitoring, evaluating and preventing risk from corruption which is defined as follows:

1.	Assign management and staff to regularly self-assess their performance in compliance with the good corporate governance and business ethics manual.
2.	Arrange for the Internal Audit Department to check the internal control systems, fraud risk management and provide ongoing recommendations. Conduct an audit in accordance with the internal audit plan approved by the audit committee and report significant audit results and recommendations to the audit committee.
3.	Arrange for the inspection process, assess internal control and risk management that covers various important work systems such as procurement, contract preparation, to prevent and monitor the risk of corruption as well as providing appropriate suggestions.
4.	Provide channels for receiving clues or complaints regarding violation of laws or the company's code of ethics or guidelines for preventing involvement with corruption or doubts in financial reports or internal control system. The company has a policy to protect information providers and will keep the information confidential.

### 3. Providing capital market knowledge activities to investors, general public including both government and private sectors



The Company gives importance to educating investors, general public, including public and private institutions in order for them to instill knowledge on saving and investment while encouraging everyone to gain more insights about saving money through the capital market and risk diversification. As of now, the Thai society tends to become an aging society, where the working class must bear the burden of raising the elderly. Therefore, working-aged people need to have knowledge in managing their investment and savings to create more income for a secure future. Hence, the campaign to educate investors and the public on investment planning and investment strategies to increase returns is always an intention that the Company has always given importance to. As a result, a variety of new investor training programmes have been launched continuously.

However, the Company shall not neglect to provide knowledge to investors with professional basis and has already invested in the equity market. Such education will focus on techniques and knowledge about new products other than common stocks such as Single Stock Futures, Block Trade and Derivatives Warrants, which are suitable for high-risk taking investors who look for higher returns.

In 2020, due to the situation of the COVID-19 pandemic, the investment education activities for investors and the general public have been organised via online. The investment education activities in 2020 have summed up to a total of 430 hours with a total audience of more than 170,000.





#### 4. Fair employment practices

- **Overview**

The Company has its fair employment practices that are in line with all relevant policies and guidelines according to the human resource policy. It encourages personnel to be good, honest, considerate, trustworthy and respected by all stakeholders. They must focus on working righteously, transparent and takes into account the environment and benefits for all. The Company is focusing on encouraging personnel to strive for work achievement, binding on the success of the organisation and unity at work. It continues to promote and develop personnel to be experts, specialised in their tasks, whose work is evident at all levels.

The Company provides fair and appropriate compensation and welfare for the employees so that they have a good quality of life, stable and safe, with career opportunity and progress in working according to their ability and praise.

As of December 31, 2020, the Company has a total of 849 employees, divided into 513 investment consultants, 336 operational staff with no temporary ones.

For the year 2020, due to the situation of COVID-19 pandemic, the Company did not hold any social activities where a large group of employees gathered. Instead, it organised training through online channel to comply with employee operational policies in the wake of the COVID-19 pandemic. The Company has organised the following important activities to build good employment relations:

1.	Organise training on Increasing Income by Block Trade in January - February 2020.
2.	Provide training on DW 42 Tutor in January - February 2020.
3.	Held a training on sustainable stocks (ESG Stock Investment) in October 2020.
4.	Provide training for CFP Module 1 & 2 in October - November 2020.
5.	Refresher IC / IP / IA License 2020 training in November 2020.
6.	Organise a training on AML/CFT : Anti Money Laundering and Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing for the Benefit of Performing Duties of Reporting Entities in December 2020.

- **Compensation for employee benefits**

#### REMUNERATION

In line with Maybank Group, Maybank Kim Eng (“MKE”) Thailand’s remuneration and rewards philosophy is aligned with our business strategies and values, and serves to foster a performance-oriented culture that delivers long-term sustainable returns for our stakeholders. We have in place a comprehensive Total Rewards system which forms a holistic and strategic component of our integrated

Talent Management framework, guiding us to effect “Reward Right” principles to drive positive outcomes and deliver exponential business results responsibly. The system not only supports MKE Thailand’s strategy and business plan, it is also critical to improving employee productivity and engagement. By focusing on the right compensation, benefits and development support, it inspires our employees to achieve their personal and professional aspirations.

MKE Thailand’s remuneration policies and practices are governed by sound principles, our remuneration policies and practices are reviewed periodically to ensure alignment with regulatory requirements and to reinforce a high-performance culture. The aim is to attract, motivate and retain talents through market competitiveness and responsible values.

## Components of Remuneration

MKE Thailand adopts a holistic Total Rewards Framework comprising three main elements, namely Total Compensation, Benefits & Well-Being, and Development & Career Opportunities.

### 1. Total Compensation

Total Compensation is based on two components, Fixed Pay and Variable Pay, with targeted Pay Mix levels designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable components that change according to the performance of the Group and MKE GROUP business/corporate function and individual.

Fixed Pay	Variable Pay
<ul style="list-style-type: none"> <li>Attract and retain talent by providing competitive and equitable level of pay.</li> <li>Reviewed annually through benchmarking externally against relevant peers and locations and internally aligned with consideration of market dynamics, differences in individual responsibilities, performance, achievements, skillset, as well as competency level.</li> </ul>	<p><b>Short Term:</b></p> <ul style="list-style-type: none"> <li>Reinforce a pay-for-performance culture and adherence to the Maybank Group’s T.I.G.E.R. Core Values.</li> <li>Based on overall Group Performance, Business/Corporate Function and individual performance.</li> <li>Performance is measured via the Balanced Scorecard approach.</li> </ul> <p><b>Long Term:</b></p> <p><b>Clawback Provision:</b> MKE Thailand Board has the right to make adjustments or clawbacks to any Variable Bonus if deemed appropriate based on risk management issues, financial misstatement, fraud, gross negligence or wilful misconduct. This provision was further strengthened in 2020 to ensure the highest level of rewards governance.</p> <p><b>Deferral Policy:</b> Any Variable Bonus in excess of certain thresholds will be deferred over a period of time. A Deferred Variable Bonus will lapse immediately upon termination of employment (including resignation) except in the event of ill health, disability, redundancy, retirement or death.</p>

## 2. Benefits & Well-being

MKE Thailand believes in promoting employees' well-being through the provision of financial protection, health care benefits to employee and spouse & children, paid time-off, staff loans at preferential rates and programmes that support work-life integration. The benefits programmes, which blend all elements including cost optimisation and employee/job needs, are reviewed regularly in order to remain competitive in an increasingly dynamic business landscape. In light of the COVID-19 pandemic, working remotely has become a new normal. This is supported by a strong infrastructure built on innovative platforms, together with the right policies and system to enable employees to perform their best.

The Company also reviews the compensation rate and welfare allocation regularly to ensure that the compensation is at a level that is competitive in the same industry.

Providing appropriate welfare for employees. All employees receive other benefits aiming to reduce the burden of expenses, including promoting the well-being of employees, including their family members to have good health which is good for the operation and living. The Company has released these benefits to all employees to acknowledge their rights via employee handbook and the company's intranet system. Those welfares are as follows:

-	Subvention, such as subvention for funeral of employee's spouse or parents. That includes other allowances.
-	Loans, such as housing loans, auto loans and etc.
-	Funds, such as provident funds, workmen's compensation fund, social security fund.
-	Health and life insurance. The Company has provided life and health insurance for all employees. It has also provided health insurance for staff's spouse and children as well.
-	In addition, in the year 2020, the Company attaches importance to employee health by providing influenza vaccination at a special price. And more importantly, there is special benefit which employees can have an annual health checkup at the participated hospitals for free of charge following employee's package allowance; any additional checkup will be absorbed by the employee but at special price rate.

## 3. Development and Career Opportunities

Continue to invest in the current skills and capabilities necessary as well as the personal and professional growth of MKE Thailand's employees. Opportunities are provided to employees to chart their careers across different businesses and geographies. Our strong learning culture is grounded in a multitude of flexible and customisable learning and development programmes for employees' long-term relevance, competitive advantage and growth. Employees are also encouraged to assume personal ownership of their development by upgrading their skills and taking on stretch assignments as well as expanded responsibilities.

- **Respect for human rights**

The Company realises and pays attention to the principles of human rights, which are fundamental human rights. It learns that the principles of human rights are the cornerstone of peaceful coexistence which is an important part of adding value to human resources, an important factor for businesses. It enhances value and increase efficiency of employees without discriminating while promoting equality within the organization. It gives importance to rights in personal information, respect the rights and freedom of expression, not discriminating gender and status. Our guidelines are as follows:

-	Support and respect human rights by not supporting and not engaging in or violating human rights, such as not using child labour and illegal labour. It is against all forms of sexual harassment.
-	Providing the highest standards and equal service to people of all genders, all ages, all statuses, all nationalities and all religions.
-	Providing equal employment opportunities for personnel, including the employment of people with disabilities.
-	Implementing policies and measures regarding the security of personal information of customers, including the internal control system
-	Give employees the opportunity to make a complaint regarding human rights violations.

The Company also has a concrete policy to prevent sexual harassment within the organisation. The sexual harassment is considered a serious crime. The Company has demonstrated in all forms intolerance of sexual harassment and defining acts that are considered sexual harassment, such as unwanted verbal expressions about sex, sexual intimidation, publication of pornographic content or images or depictions of sexual harassment.

In this regard, the company has stipulated penalties for offenders in such matters and provides a channel for whistleblowing. The complaints will be kept confidentially.

- **Occupational safety and health and working environment**

The Company has put the importance of security policy as well as occupational health and safety in the working environment in the same level as other business objectives. Therefore, the Company has set up the Ergonomics Committee in which the roles and responsibilities are in compliance with Labour Protection Act.

The Company announced the policy on occupational safety and health and working environment as follows:

-	Safety, occupational health and working environment is considered to be the duty of every employee to perform.
-	The Company supports the announcement of regulations, rules and guidelines regarding safety, occupational health and working environment that are appropriate in accordance with relevant standards and laws.
-	The Company follows up, monitors, assesses, controls hazards and provides improvements in the work environment, including in the workplace.
-	The Company disseminates knowledge and continuously raising awareness on safety, occupational health and working environment for executives and employees.
-	All employees must strictly comply with regulations regarding safety standards, occupational health and working environment and various related requirements.
-	The Company continues to follow up, evaluate performance and develop safety, occupational health and working environment systematically and continuously.

- Operations Policy in the Situation of the Coronavirus 2019 (COVID-19) outbreak

2020 is the year of the Coronavirus disease 2019 (COVID-19) outbreak, which has spread since mid-January 2020. The Company has put in place an operations policy under the COVID-19 pandemic as follows:

- Preparation and promulgation of “Employee Handbook for New Normal Lifestyle” based on the following practice principles.

1.	Keep social distancing
2.	Reduce one-to-one contact between employees.
3.	Maintain cleanliness and hygiene standards in the workplace.
4.	Adhere to the principle of good health. Both body and mind are ready to perform their work effectively.

- Establish critical work functions such as operations, information technology, etc. and separate groups for employees to work on split sites to prevent risks and employees can perform their work for maximum efficiency and to support business continuity according to the company's business continuity plan.
- Assign employees who are non-critical functions to be able to work from home more efficiently. The Company provides employees with a work-from-home system in order to operate continuously and efficiently and employees who work-from-home must not be the roles that affect the Company's operation.
- Prevention policy has been announced to request all employees to wear mask in the workplace and the Company has provided muslin masks for employees to show how we care for their health and hygiene due to the spread of the COVID-19 virus causing a shortage of masks at that time.
- Social Distancing in the workplace must be operated. Meetings, seminars and trainings must be organized through online channel with an online webinar system in order to operate efficiently.

#### Safety Vision

- Focus on employees' health and wellness
- Create a suitable and safe working environment for employees
- To improve work efficiency and create good quality of life for employees

#### Safety Mission

- Provide knowledge and create awareness about safety at work for employees
- Assess and control various hazards that will affect employee health
- Maintain a safe workplace
- Empower employees to have good physical, mental, emotional and social well-being.

## Activities for Society and Environment

In 2020, the whole world faced with the coronavirus disease (COVID-19) pandemic, causing people around the world to adjust their lifestyle in a new way. A “New Normal” lifestyle has been introduced focusing on avoiding participating in a large community and keep social distancing. This includes having a requirement to wear a mask every time people leave home.

Consequently, the activities for social and environmental benefits have changed. Therefore, the Company has policy to use communications technology to help reduce the gap and solve the problem of social distancing that affects work performance and lifestyle. IT technology is used as a medium for connecting person to person, for conferences and training seminars, which can be used through various electronic media comfortably, no need to waste time traveling to meeting or seminars and prevent the spread of COVID-19.

Importantly, the Company realizes the importance of health and hygiene as the first priority. The COVID-19 pandemic is an urgent problem facing the world population nowadays. Meanwhile, Thailand is also facing the problem of PM 2.5 particulate matter which has a continuously rising trend. As a result, the Company needs to raise awareness and consider the issue of health by campaigning for employees, as well as customers and those who come in contact with the company regarding the prevention and taking care of their own and others’ hygiene. This is in line with the policies and regulations announced by the government that 2020 is the year of living in a new way of life (New Normal).

### 1. To promote hygiene for a healthy society

- **Campaign on personal and public hygiene practices**

In March 2020, due to the coronavirus outbreak (COVID-19), the Company announced measures to work under the circumstances of the COVID-19 pandemic and communicated with employees, the clients and those who visit the office on how to treat oneself and regulations to protect oneself from COVID-19. The Company has campaigned and PR according to the policy from the Maybank Group. It has set up a preliminary screening point, namely wearing mask in workplace, temperature measurement and enquiry of travel history to those who come in contact with the Company, etc. This has been done with an aim to meet the Sustainable Development Goals (SDGs) in line with the 3rd goal of promoting the well-being of all (Good Health).





## 2. Educating clients and investors

- **Regular investment education activities for clients and investors**

The Company realises the importance of educating the clients and investors on financial products and services. We provide training and advice on how to efficiently use various devices or applications. The objective is to equip the clients and investors with capability to accurately adopt the innovation and new technologies that are important factors affecting their perception and understanding. We believe that if clients and investors have gained the knowledge and understanding correctly, they can apply and use them for the investment more effectively. In 2020, there has been a change in the people's lifestyle (New Normal) due to the spread of COVID-19. Therefore, the Company has organised seminars in the form of online meeting where the clients and investors can take part via online meeting applications. In 2020, the Company has organised 110 hours of online training seminars for clients and investors.

- **Organising seminars to educate investors and general public**

In 2020, the Company has focused on creating more experiences for the public and general investors. In addition, it has added more channels to access useful information in terms of investment. There has been a total of 30 hours held this year. Those online seminars were organised through various channels such as Facebook and Youtube focusing on key speakers from the Company's various departments including the derivatives business (FOS), research and the Equities & Commodities Derivatives Group, etc.



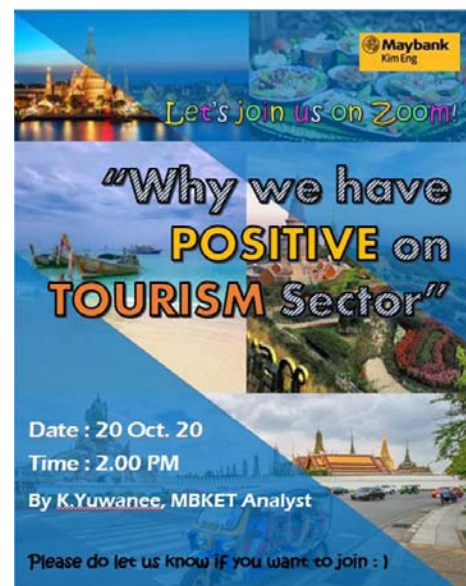
- **Being guest speaker at key economic seminars**

In 2020, the Company's representatives were invited to speak at several big seminars held by major business groups. The guest speakers were those equipped with knowledgeable and experiences to share their visions on economic and investment. The seminars include SCG Chemicals Digest 2020 held by SCG Group, Economic Analysis on How to Counter the Covid-19 Crisis and Thai Stocks Screening for the year 2021 Seminar held by Krungthep Thurakij which is an online seminar and broadcast live.



- Seminars to provide knowledge to institutional clients in Thailand

In 2020, the Company's Institutional Sale Department has continuously organised educational activities for domestic institutional clients. This year, according to a new way of life where large groups of people refrain from organising activities, the technology for organising webinars via online channels has been used to assist in organising seminars for clients. This year, a total of 244 hours of seminars have been arranged. The objective is to focus on educating institutional clients on new technologies and innovations that affect investment and the current economic conditions. The department has invited experts in the field of technology and innovation as well as famous bloggers from the field of investment to provide knowledge and exchange experiences on a regular basis. Seminars include "How to run grocery store successfully?", Seminar on the perspective of tourism sector "Tourism sector - Group meeting", Seminar on "Thai Exports after COVID", Seminar of Media Business Group with Nielsen on "WHAT NIELSEN WATCH?", Financial Group Seminar on "Consumer Finance", Seminar on Direction and Business Overview 2020 with listed companies such as BAM, PTT, INTUCH, MINT, etc.





### 3. Society, community and environment

- **Donate for medical treatment for patients of COVID-19 and purchasing protection equipment for medical personnel during the COVID-19 pandemic**

Due to the COVID-19 pandemic in year 2020, the Company has contributed to the society by donating together with other securities companies who are members of the Association of Thai Securities Companies (ASCO) total together donation of 4,000,000 baht to Ramathibodi Foundation for medical treatment for patients of COVID-19 and support doctors and medical personnel for necessary medical protection equipment. In addition, the Company has donated 200,000 baht to King Chulalongkorn Memorial Hospital for medical treatment for patients who suffering from COVID-19 and to the Thai Red Cross Society to buy N95 masks, PPE suits and other medical protection equipment for doctors and medical personnel. These aim to meet the Sustainable Development Goals (SDGs) in line with the 3rd goal of promoting the well-being of all (Good Health).

- **Make face shield for medical personnel**

The Company has initiated a workshop on how to make a face shield. The activity provides training on how to make a face shield by themselves for volunteer employees at headquarters and various branches. The equipment was distributed to interested employees to bring home and make them. Around 600 pieces of the face shield masks were donated to Ramathibodi Hospital for medical personnel to prevent the spread of COVID-19. The aim is to meet Sustainable Development Goals (SDGs) in line with the 3rd goal of promoting the well-being of all (Good Health).





- Continuing the New GEN Cares for 3R (Reuse, Reduce & Recycle) project, making it more sustainable

In 2020, the Company has continued to being an organization with an environmental conservation consciousness by encouraging employees to reduce using plastic in the workplace and daily life in the campaign of “Say No to Plastic” and the “New GEN Cares for 3 R : Reuse, Reduce & Recycle” project”. The purpose is to raise awareness and cultivate values in preserving nature. The Company has produced permanent recycle bins with a more sustainable model in the workplace. This year, the Company has expanded cooperation to branches in Bangkok by producing 3 types of recycling bins at the head office and branch offices in Bangkok. Recycle bins for waste separation: plastic bottles, plastic cups and aluminum, are created to raise awareness and promote the separation of different types of waste as well as recycling waste to help reduce global warming. The Company will continue to donate such recycled waste to be used for benefit or transform it into a product for the benefit of the community. This aims to meet the Sustainable Development Goals (SDGs) in line with the 13th goal of taking urgent action to tackle climate change and its impacts (Climate Action).



- **Donate plastic bottles to Wat Chak Daeng to produce robes for monks.**

The Company continues its activities under the “Khung Bang Kachao Project” developed by PTT Global Chemical Public Company Limited, a comprehensive waste disposal project. It was founded by the Chaipattana Foundation in collaboration with 34 organisations to conserve and develop green areas around Bang Krachao, Samut Prakan Province. The objective of the project is to process the used plastic bottles and plastic cups and make them a very useful object to help reduce global warming and reduce the amount of non-compostable waste. The main product obtained after processing is the robes for the monks that were created by weaving cotton and synthetic fibers. The product is soft, comfortable and practical for use. The aim is to meet the Sustainable Development Goals (SDGs) in line with the 13th goal of taking urgent action to tackle climate change and its impacts (Climate Action).



- **Donate fabric bags for medicine and medical supplies to Siriraj Hospital**

The Company donated large fabric bags to the elderly patients who travel to receive treatment at the hospital. Most of them live far from the hospital, including elderly patients who are inconvenient to frequently travel to receive medical examinations. Each visit for treatment, patients often receive plenty of medicines and medical supplies to bring home. In addition, at present, there is a campaign to stop using plastic bags and paper bags, thus there is no packaging to carry medicine and various medical supplies for the elderly to bring back home. In order to comply with the policy to reduce the use of plastic bags (3R—Reduce, Reuse, Recycle), the Company has encouraged members of staff and clients to donate a large fabric bag and send donations to the drug room, Department of Ages, Siriraj Hospital. This is to meet the Sustainable Development Goals (SDGs) in line with the 13th goal of taking urgent action to tackle climate change and its impacts (Climate Action).

- **Donate old calendars to make braille for the Foundation for the Blind in Thailand**

In the year 2020, the Company continued to realise the importance of the group of persons with disability by recognising that there is a large number of people with disabilities in society that lack opportunities in various areas, whether basic human rights as well as the right for pursuing occupation due to lack of equipment and tools for knowledge delivery, etc.



The Company, therefore, strives to further the spirit of contribution to all factors mentioned above by organising activities to gather old calendars that have not been used from the previous year from employees as well as their companions and relatives of employees who want to donate them to the Center of Educational Technology for the Blind, the Foundation for the Blind in Thailand under the Royal Patronage. More than 900 old calendars have been collected to be used for making braille media for teaching and learning for the blind, improving their quality of life and at the same time promoting the use of natural resources in a cost-effective way by recycling

papers for optimal benefit. This is in line with the 10th goal of the Reduced Inequalities (both domestic and international).

- **Computer project for children of the Mirror Foundation**

In 2020, the Company has continued to build on the computer donation programme for the younger generation of the Mirror Foundation. It has been initiating this project since 2018 with the same objective: to share opportunities for children and youth in the area of education and to increase the accessibility of technology more inclusively. This is because the Company realises that technology plays an important role in the development of educational models and influences the living conditions in today's world. It can also be used as a medium of instruction in the education system via the Internet. The Company has worked with the Mirror Foundation as a partner to help with this issue. The Mirror Foundation is the representative to coordinate the delivery of such unused computers to schools or departments in need in the provinces. Each donation consists of computers and IT equipment that are no longer in use, from the head office and branches nationwide such as Bang Khae branch, Pinklao branch, Yada branch, Sathorn branch and Chiang Mai branch, etc. This year, a total of 2,300 unused computers and IT equipment have been donated. This is in line with the 4th goal of equal and comprehensive education certification to promote lifelong learning for everyone (Quality Education).





#### 4. Personnel Development

- **Employee development training programme**

The Company continues to focus on human resource development. Therefore, training is organised for personnel, covering investment consultants and operations personnel. The aim is to promote the Company's personnel to be equipped with knowledge, skills and operational expertise. That includes training to provide knowledge on innovation and new technology as well as training on the use of new investment tools. This is because the Company sees that personnel equipped with knowledge, ability and creativity would be able to provide accurate advice to clients and result in a more effective investment. Due to the pandemic of COVID-19, this year the human resource development has been complied with Employee New Normal Handbook such as keeping social distancing, wearing masks in the workplace and avoiding in group training physically but using online training system, etc. Training topics include Block Trade and DW (3 training sessions), DW 42 Tutor training, Refresher IC / IP / IA License 2020 training for 2 batches and training on Anti Money Laundering and Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing for the Benefit of Performing Duties of Reporting Entities (AML/CFT Training). In total, the Company has provided 80 hours of training to employees.



Block Trade and DW



Refresher  
IC/ IP/IA License 2020

## 5. Health and Welfare

- **Provide muslin face mask for employees**

In June 2020, the Company has provided muslin face masks for employees in Bangkok and other provinces with concern for the health and hygiene of employees who each day face the spread of COVID-19. Due to the lockdown, Thailand has faced a huge shortage of masks. The Company is aware of the impact and has produced a muslin mask to distribute to employees in the amount of 2,000 pieces. In the meantime, it also organised a Virtual Engagement Activity for employees to participate in the company's activities and have fun with a campaign to stay at home, stop infection for the nation and join together to wear face masks. This has helped strengthen relationships with each other, even during work in new ways that may not be familiar as some employees work from home.



## 6. Sports

### - Sports to promote good health and wellbeing

In 2020, the Company has continued to encourage employees to play sports, with a belief that sports can help promote good health. And when you are physically fit, it will result in a happy mind. The Company has continued to support football and badminton, where it encourages staff to play them for a long time. But with the coronavirus pandemic this year, it has resulted in a ban in sports training and competition in order to comply with the preventive and measures for employee operating manual under the circumstances of COVID-19.

This year, however, there was an annual badminton competition between the brokerage firms called Broker Badminton Championship 2020 in February 2020. The event was held before the first lockdown was announced in March 2020.





The Audit Committee of Maybank Kim Eng Securities (Thailand) Public Company Limited currently comprises of 3 independent directors on 31 December 2020, all of whom have possessed qualifications in line with the requirements of the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET). The members are as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Audit Committee and Independent Director
2.	Mr. Hans Johan Patrik Sandin	Member of the Audit Committee and Independent Director
3.	Dr. Areepong Bhoocha-Oom	Member of the Audit Committee and Independent Director

For the Year 2020, the Audit Committee held 11 meetings (See details of meetings in “Committees and Management Structure”) to review the Company’s operating performance and other activities as designated by the Board of Directors. All of members attended the meeting completely.

In particular meetings of the Audit Committee, the Management and/or external auditors were invited to attend such meetings. In addition, the results from the meetings were reported to the Board of Directors. Major activities of the Audit Committee in the year 2020 were as follows:

1. The Audit Committee reviewed 2019 financial statements and Q1/2020, Q2/2020 and Q3/2020 financial statements. The Audit Committee and the Company’s external auditor (EY Office Limited) held meetings to review the audit results. The audit result indicates that the Company’s financial statements were prepared in accordance with Thai Financial Reporting Standards. The Company’s financial statements have also provided adequate disclosures i.e. changing in significant accounting policies and sustainability of the Company. The external auditor has been providing suggestions regarding problems or limitations that may arise from reviewing the financial statements which the Company has been taken into consideration. In addition, the Committee held a meeting with the external auditors without the presence of the Management so as to freely discuss important matters in the preparation of the financial statements and the disclosure of information in accordance with financial reporting standards and to be beneficial to users of these financial statements. Furthermore, based on the suggestions provided by the external auditor, the Company has enhanced its internal control plan relating to operational processes, information processing systems, and information security. This is to mitigate the likelihood of fraudulent activities that may be occurred by unauthorized or inappropriate use of the Company’s information processing systems by both internal and external parties.

2. The Audit Committee reviewed and approved the internal audit plan for the Year 2020. The Audit Committee also gave suggestions and comments on the audit performance. Practically, the Audit Committee would inquire about the planned audit scope to ensure that the established audit plan will assist in detecting fraudulent activities and deficient internal controls. In addition, the Audit Committee has also supported guidelines for good corporate governance practices. In case that there are additional topics that should be further reviewed, the Audit Committee would assign the Internal Audit department to perform an additional review and report the review result to the Audit Committee accordingly.

3. The Audit Committee evaluated an adequacy of the Company’s internal control system for the Year 2020 by closely monitored audit performance, audit results and risk management results. The overall result was satisfactory. All departments gave full cooperation to the auditor. The Board of Directors and the Top Management recognized the importance of adequate internal controls and fully supported the audit activities. They urged all of the Company’s departments and personnel to rectify deficiencies and enhance controls as per recommended and reported by the internal audit. As a result, the Company’s operational effectiveness has been improved.



4. The Audit Committee reviewed the Company's compliance with the requirements of the SEC and the SET. The Audit Committee also reviewed the Company's compliance with related business law, as well as the Company's operating policies, ethics, morality, and other matters that have been assigned by the Board of Directors. From the review, the Audit Committee noted that the Company has appropriately complied with the governance bodies' requirements and guidelines. However, for material deficiencies in relation to compliance with applicable regulations, the Audit Committee has reiterated related departments to improve processes and resolved the deficiencies to be in line with the regulations.

5. The Audit Committee selected and appointed an independent external auditor that has no business relationship or interests with the Company, its management, its major shareholder or any of their related persons. The Audit Committee proposed the external auditor for consideration by the Board of Directors prior to being nominated by the meeting of shareholders for the Year 2020. The Audit Committee has always asked for an independent opinion from the external auditor.

6. The Audit Committee reviewed and provided opinion on related party transactions and transactions with potential conflict of interest in accordance with the requirement of the SEC and the SET. It is of the opinion of the Audit Committee that those transactions are rationale, fairly valued and conducted on an arm's length basis, as well as sufficient disclosure was provided in the Company's notes to financial statements.

7. The Audit Committee managed information disclosure about the Company, the Management and major events via the Company's website ([www.maybank-ke.co.th](http://www.maybank-ke.co.th)) for investors and interested general public to acknowledge and/or be able to verify. The Audit Committee also supports good corporate governance principles, Anti Bribery & Corruption Policy, and Whistle Blowing policy and procedures which are major policies of the Company.

8. The Audit Committee inspected potential fraudulent activities or actions in accordance with Section 89/25 of the Securities and Exchange Act (No.5), B.E.2559 that requires the financial auditor report directly to the Audit Committee in case any potential fraudulent activities or actions exist. The Audit Committee is required to provide initial investigation result to the SEC and the financial auditor within 30 days from the date the financial auditor reports potential fraudulent activities or actions to the Audit Committee. For the Year 2020, the financial auditor found no potential fraudulent activities or actions.

It is of the opinion of the Audit Committee that the Company complied with the accounting standards and Thai Financial Reporting Standards as prescribed by the Federation of Accounting Professions and regulations of the SET and the SEC. The Audit Committee has closely monitored the Company's operation to ensure transparency, which is consistent with good corporate governance practices. The Audit Committee ensured that the Company has built and maintained internal control systems appropriate to business circumstance, and this is consistent with the external auditor's opinion. If there are any transactions or matters that should be informed shareholders and interested persons, the Audit Committee would report such information based on the authority delegated by the Board of Directors. The Company provided sufficient information to all shareholders and interested persons and emphasized on enhancing the Company's internal control system and audit activities. This includes a consistent practice in controls implementation to ensure appropriate benefits to Maybank Kim Eng Securities (Thailand) Plc. shareholders and stakeholders, under good corporate governance principles.



(Ms. Sopawadee Lertmanaschai)  
Chairman of the Audit Committee



At the Audit Committee's Meeting No. 1/2021 on February 1, 2021 with also comprised of the Audit Committees (which are Independent Directors of the Company). The Committee had evaluated the adequacy of internal system control for year 2020 following to five key issues which had been set out below:

- Control and Environment
- Risk Management
- Control Activities
- Information and Communication
- Monitoring Activities

The Audit Committee agreed that the Company has adequately in its important internal control system such as the roles and responsibilities of the Management and staffs, discipline, the operation method or Code of Conduct. The Company also recognizes and promotes to have its system support to internal control operation referring to the objection of the Company. Moreover, the Company continuously operates its consideration on type of risk, analyze the effects or opportunities that will be occurred and set up the procedure or policy to reduce the level of risk. The Company had set up the clear authority, clearly separate the duty that will be supported to misconduct, set up the process of the business operating with major shareholders, directors, management or related persons.

The Company realizes on an importance of the communication, this is for more productivity of internal control system. The decision making of the company is made base on the correct, real time and understandable information also with such good of data keeping. In addition, the Company has its audit and assessment from both internal and external organization. The Company has intention to continuously improve the procedure according to the change of situation adequately. For the others internal control system issue, The Company agreed that currently, we have the adequately internal control system.

The Company also places an importance on the internal control system, and we had appointed the expertise person, Ms. Variya Worawattanamateekul in the position of Head of Internal Audit. She has experience in the area of internal audit of financial business. She had attended many courses with respect to the internal control system (which organized by Maybank Group, Federation of Accounting Professions and Asia School of Business) such as (i) Audit Methodologies (ii) Effective Internal Audit, (iii) COSO-Internal Control Integrated Frame work, (iv) Internal Control-Thailand 4.0 and Leadership Energy Summit Asia 2020; and etc.

However, the consideration of appointment, impeachment and rotation of the Head of Internal Audit has to be approved and agreed by the Audit Committee.

Moreover, the Company had appointed Ms. Lilly Ratanasupakorn as the Head of Compliance for monitoring the Company operations to ensure that every transaction of the Company comply with the rules and regulation of the Government office. The main responsibility is to be a centre of the Compliance function, monitor the operations of the Company to be in line with the laws, rules and regulations, policy and others related government offices such as Securities Exchange Commission (SEC), Stock Exchange of Thailand (SET) or others relevant governments. The Board of Directors of the Company had approved the MKET Compliance Framework and Policy, the policy was set up to ensure that every member which comprise of the Board of Directors, Audit Committee, Management, Departments and staffs have to take their high responsibilities to comply with the laws, rules and regulation also with continuously communicate with the staffs to ensure that they have good knowledge and well understand the law, rules and regulations and completely follow such policy.



## Connected Transactions

- **Necessary and Reasonably of Transactions**

Every transaction which had been made by the Company was in accordance with necessary and reasonable practice for the best benefit of the Company. The conditions of any transactions were set under a general process. The returns gained and paid were made with fair referencing the market price (Fair and at arms' length).

- **Policy or Trend of Connected Transaction**

For the purposes of transparency of the securities business, The Company has its policy with reference to connected transactions in present and might be made in the future under the conditions set up in accordance with normal operation and comparable market price compared to peers outside. In addition, the Company has its Audit Committee or Auditors or Independent specialist to take into their consideration aspect such as reasonable price and reasonable transactions.

For connected transactions that might be made in the future, the Committee practices is aligned with the Company's policy and the Committee will not approve any transactions individually where there might be a conflict of interest and prior to the transaction as disclosed to the Committee of the Company for consideration. The Committee ensures to practice following the law, rules and regulations of the Securities and Exchange Commission and the Stock Exchange. In addition, it also disclose the practice under conflict of interest and bought or sale assets of the Company or its Subsidiary Company. (if any)

In case of connected transactions of the Company or its Subsidiary Company were made under the individuals where there might be a conflict of interest, the Audit Committee will take action to give an opinion on the price, remuneration rate and/or any necessary and suitability of that transactions. In that case, if the Audit Committee has no experience in such transactions, the Company will ask independent specialist or Auditor to give an opinion on that connected transaction for further consideration of the Committee or shareholders. In addition, the Company will also disclose the connected transactions into the notes to the financial statements to ensure these are in line with the relevant regulations



The Company's Connected Transactions where there might be a conflict of interest in the Financial year 2020 and 2019 are as follows: -

Conflict of interest person	Relation	Value in year 2020 (Million Baht)	Value in year 2019 (Million Baht)	Description
Maybank Kim Eng Securities Pte. Ltd.	Subsidiary Company of Maybank Kim Eng Holdings Limited who is a major shareholder of the Company	148	134	<p><u>Brokerage Fee Income:</u> The Company received brokerage fee income from Maybank Kim Eng Securities Pte. Ltd. at normal rate in accordance with SET's notification.</p> <p><u>Remark:</u> As at December 31, 2020, the company had its outstanding securities business receivable in the amount of THB 244 million and had no outstanding securities business payable.</p> <p>As at December 31, 2019, the company had its outstanding securities business receivable in the amount of THB 276 million and outstanding securities business payable in the amount of THB 42 million.</p>
		40	-	<p><u>Finance Advisory Income:</u> In accordance with the agreement</p>
		4	1	<p><u>Brokerage Expenses:</u> In accordance with the agreement</p>
		1	2	<p><u>Fee and Service Expenses:</u> In accordance with the agreement</p>
		-	1	<p><u>Dividend Paid:</u> The Company paid the dividend payment in the same rate as the Company paid to other shareholders</p>

Conflict of interest person	Relation	Value in year 2020 (Million Baht)	Value in year 2019 (Million Baht)	Description
Kim Eng Securities (Hong Kong) Limited	Subsidiary Company of Maybank Kim Eng Holdings Limited who is a major shareholder of the Company	6	14	<p><u>Brokerage Fee Income:</u> The Company received from Kim Eng Securities (Hong Kong) Limited at normal rate in accordance with SET's notification.</p> <p><u>Remark:</u> As at December 31, 2020, the Company had outstanding securities business receivable of THB 3 million and had no outstanding of securities business payable.</p> <p>As at December 31, 2019, the Company had outstanding securities business receivable of THB 211 million and had no outstanding of securities business payable.</p>
Maybank Kim Eng Holdings Limited	Major shareholder of the Company. As at August 16, 2017, Maybank Kim Eng Holdings Limited hold 475,182,790 shares or 83.25% equity stake in the Company's total paid up shares.	133	456	<p><u>Dividend Paid:</u> The Company paid the dividend payment in the same rate as the Company paid to other shareholders.</p> <p>(The Company paid its dividend for January -December 2018 and interim dividend for first 6 months of year 2019 (1 January to 30 June 2019) at the rate of THB 0.28 per share and THB 0.68 per share, respectively)</p> <p>(The Company paid its dividend for January -December 2019 and interim dividend for first 6 months of year 2020 (1 January to 30 June 2020) at the rate of THB 0.18 per share and THB 0.10 per share, respectively)</p>

Conflict of interest person	Relation	Value in year 2020 (Million Baht)	Value in year 2019 (Million Baht)	Description
Maybank Kim Eng Securities Limited	Subsidiary Company of Maybank Kim Eng Holding Limited who is a major shareholder of the Company	1	1	<u>Brokerage Expenses:</u> In accordance with the agreement
Malayan Banking Berhad	The ultimate parent of the group	1	-	<u>Service Income:</u> In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary	33	43	<u>Research and Advisory Income:</u> In accordance with the agreement
		6	9	<u>Research and Advisory Expenses:</u> In accordance with the agreement



# Financial Summary

- Summary of Financial Statements

	Unit: Millions of Baht		
	2018	2019	2020
Total Assets	16,359.52	16,137.70	19,085.67
Total Liabilities	11,798.40	11,860.28	14,484.12
Total Shareholders' Equity	4,561.12	4,277.42	4,601.55
Securities and Derivatives Business Receivables	13,769.78	12,855.31	13,300.47
Total Revenue	2,789.37	2,402.92	2,817.81
Net Profit	391.29	254.75	484.45
EPS (THB)	0.69	0.45	0.85

- Financial Ratios

	2018	2019	2020
<b>Profitability Ratio</b>			
Gross profit margin (%)	81.07	78.53	83.78
Net profit margin (%)	14.03	10.60	17.19
ROE (%)	8.49	5.76	10.91
Return on Investment (%)	10.71	16.91	8.21
<b>Efficiency Ratio</b>			
Return on Assets (%)	2.22	1.57	2.75
Total Assets Turnover (x)	0.16	0.15	0.15
<b>Financial Policy Ratio</b>			
Liquid Assets to Total Assets Ratio (%)	6.16	12.32	15.00
Debt-to-Equity Ratio (x)	2.59	2.77	3.15
<b>Other Ratios</b>			
Investment to Total Assets Ratio (%)	3.90	10.10	14.33
NCR (%) (calculated in accordance with SEC's rules)	42.20	33.90	35.13

## Summary of Auditor Report

Summaries of Auditor Report for the Years 2019 and 2020 are as follows:

Financial statements of the Company for the Year ended 31 December 2019	Ms. Ratana Jala, Certified Public Accountant No. 3734 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
Financial statements of the Company for the Year ended 31 December 2020	Ms. Ratana Jala, Certified Public Accountant No. 3734 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Overview of the Company's Operation

Maybank Kim Eng Securities (Thailand) Public Company Limited (formerly known as “Kim Eng Securities (Thailand) Public Company Limited”) (the “Company”) is a member of the Stock Exchange of Thailand No.42. It has been granted 4 types of securities business licenses, namely securities brokerage, securities dealing, investment advisory and securities underwriting licenses. The Company has also engaged in other kinds of business that relate to and support securities business such as investment banking (financial advisory), securities registrar and securities borrowing and lending. In addition, the Company was also granted by the Ministry of Finance a license to engage in the business of derivatives agent in accordance with the Derivatives Act B.E. 2546 (2003). The Company was selected to be a member of Thailand Futures Exchange (TFEX) as well as a member of Thailand Clearing House (TCH) to engage in the business of derivatives trading. Over the last several years, a major portion of the Company's revenue came from securities brokerage business.

The Company has provided securities trading service and other related services to domestic individual and institutional investors as well as foreign ones. The Singapore-based Maybank Kim Eng Holdings Limited is the Company's major shareholder, holding in aggregate 83.25% of the Company's total paid-up shares. Maybank Kim Eng Holdings Limited has also held stakes in many other securities companies which are members of well-recognized stock exchanges around the globe, allowing it to create and maintain strong worldwide network in the securities business.

In the Year 2011, there was a major change in the shareholding structure of Maybank Kim Eng Holdings Limited. Maybank IB Holdings Sdn Bhd, a company in the group of Malaysia-based Malayan Banking Berhad, conducted a tender offer to acquire all shares of Maybank Kim Eng Holdings Limited. This allows Maybank IB Holdings Sdn Bhd to hold a 100% ownership in Maybank Kim Eng Holdings Limited. Nevertheless, such change has no effect on the Company's business and human resources management policies.

The Company's market shares in the domestic securities brokerage business in the Years 2019 and 2020 were 6.10% and 6.34% of total trading value in each respective year. As at 31 December 2019, the Company's total assets, liabilities and shareholders' equity as showed on the Company's statement of financial position were THB 16,137.70 million, THB 11,860.28 million and THB 4,277.42 million, respectively. As at 31 December 2020, the Company's total assets, liabilities and shareholders' equity as showed on the Company's statement of financial position were THB 19,085.67 million, THB 14,484.12 million and THB 4,601.55 million, respectively. A major component of the Company's assets is securities and derivatives business receivables, the amount of which directly relates to trading volume during the last 2 trading days prior to the end of the year. In case total trading volume significantly rises during such period, so does the amount of securities and derivatives business receivable. Thus, significant rise/decline in the Company's assets as a result of rise/fall in the amount of securities and derivatives business receivables does not truly reflect material change in the Company's financial performance and position during the year. As of 31 December 2020, major components of the Company's liabilities include securities and derivatives business payables, loans from financial institutions and debt issued and borrowings amounted to THB 2,794.21 million, THB 5,050.00 million and THB 5,606.45 million, respectively.

#### The Company's Competitive Strengths

- In 2020, the Company has maintained its position as the No.2 securities brokerage firm but company has maintained its position as the No. 1 securities brokerage firm in Thailand in terms of market share from 2002 to 2017, with the following strength factors.
  1. Total branches in Thailand (excluding the head office) are 30 as of 31 December 2020, the Company's total securities trading accounts were 198,578 thus allowing the Company to manage operating costs efficiently.
  2. As of 31 December 2020, the Company's total securities marketing officers were 566, and this is the largest securities marketing team in Thailand.

Total shareholders' equity on the Company's statement of financial position was THB 4,601.55 million. As of 31 December 2020, the Company's NCR stood at 35.13%. The Company has an investment banking team which consists of 15 staff (not including Chief Executive Officer and Secretary to Chief Executive Officer). They are responsible for the financial advisor and lead underwriter for IPOs of Kerry Express (Thailand) Plc. (KEX) and Successmore Being Plc. (SCM) as well as the financial advisor of IPO of Sabuy Technology Plc. (SABUY). In 2020, the Company acted as the independent financial advisor of COL Plc. (COL) and Golden Land Property Development Plc. (GOLD). The Company also acted as the co-underwriters of IPOs like Central Retail Corporation Plc. (CRC), Micro Leasing Plc. (MICRO), NR Instant Produce Plc. (NRF), SCG Packaging Plc. (SCGP) and Siamese Asset Plc. (SA)

In 2020, the Company worked with Maybank Group in providing loan for acquisition of assets in Thailand and Malaysia for a SET listed company, loan for acquisition of overseas asset for a SET listed company and acquisition of asset for a SET listed company.

- The Company's securities research team consists of 14 staff who have conducted securities research in the area of fundamental, technical and economic analysis.
- The Company's management team consists of knowledgeable executives with proven track record and over 20-year experience in the securities brokerage business.

Source of income of the Company consists of brokerage fee, fee and service income, gain (loss) on investments and derivatives, interest and dividends, interest on margin loans and others which were tabled the ratio as follows:

Revenue	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Securities brokerage fee	1,571.00	56.32	1,282.93	53.39	1,792.76	63.62
Futures brokerage fee and others	183.60	6.58	138.26	5.75	183.69	6.52
Fee and service income	75.49	2.71	74.12	3.08	139.09	4.94
Gains (losses) on investments	(132.99)	(4.77)	162.81	6.78	293.92	10.43
Gains on derivatives	172.80	6.20	(124.50)	(5.18)	(271.28)	(9.63)
Interest and dividends	221.04	7.92	229.39	9.55	200.77	7.13
Interest on margin loans	640.51	22.96	565.37	23.53	426.68	15.14
Other income	57.92	2.08	74.55	3.10	52.18	1.85
Total	2,789.37	100.00	2,402.92	100.00	2,817.81	100.00

## Operating Result

- Total Revenue**

The Company's revenue consists of brokerage fee, fee and service income, gain (loss) on investments and derivatives, interest and dividends, interest on margin loans and other income (i.e. share transfer fee, interest on loan to employees and etc.). Main source of the Company's revenue comes from brokerage fee. For the Year 2019, brokerage fee (from both securities and derivatives businesses) accounted for 59% of the Company's total revenue. For the Year 2020, brokerage fee (from both securities and derivatives businesses) accounted for 70% of the Company's total revenue. The Company's securities trading clients are retail investors. Their trading volume accounted for 62.73% of the Company's total trading volume. Institutional investors accounted for 37.27% of the Company's total trading volume.

For the Year 2019, the Company's total revenue was THB 2,402.92 million, declined by THB 386.45 million compared to that of the preceding year, mainly due to the decrease in brokerage fee of THB 333.41 million. Such decrease in revenue is a result of highly competitive market situation.

For the Year 2020, the Company's total revenue was THB 2,817.81 million, increased by THB 414.89 million compared to that of the preceding year. It was mainly due to increase in brokerage fee of THB 555.26 million, as a result from the average daily trading value increased by 28.98%, from Baht 53,192 million per day to Baht 68,606.91. million per day.

Ratio (%)	2018	2019	2020
Income Growth Rate	(14.46)	(11.95)	17.27
Expense Growth Rate	(6.56)	(9.33)	6.39
Net Profit Margin Growth Rate	(38.73)	(34.89)	90.17
Gross Profit Margin	81.07	78.53	83.78
Net Profit Margin	14.03	10.60	17.19
Return on Equity (ROE)	8.49	5.76	10.91



In the Year 2019, the Company's gross profit margin was 78.53%, net profit margin was 10.60% and ROE was 5.76%, which were decreased from year 2018 mainly due to decrease in brokerage fee and fee and service income as mentioned earlier.

In the Year 2020, the Company's gross profit margin was 83.78%, net profit margin was 17.19% and ROE was 10.91%, which were increased from year 2019 mainly due to increase in brokerage fee and fee as mentioned earlier.

1. Brokerage fees from Securities Business increased by 39.07% or Baht 555.26 million, from Baht 1,421.19 million to Baht 1,976.45 million. The reasons were as follows:

- 1.1 Brokerage fees from Securities Business increased by 39.74% or Baht 509.83 million, from Baht 1,282.93 million to Baht 1,792.76 million as a result from the average daily trading value increased by 28.98% from Baht 53,192.02 million per day to Baht 68,606.91 million per day coupled with the proportion of retail brokerage fee which is the main contribution to the Company revenue increased from 33.72% to 43.66%. As a result, average trading value increased by 67.01% from Baht 17,936.58 million per day to Baht 29,956.10 million per day.
- 1.2 Brokerage fees from Derivatives Business increased by 32.86% or Baht 45.43 million, from Baht 138.26 million to Baht 183.69 million.

2. Fee and service income increased by 87.66% or Baht 64.97 million, from Baht 74.12 million to Baht 139.09 million derived from increase in underwriting fee of Baht 45.45 million and increase in other service fees of Baht 21.30 million against with slightly decrease in financial advisory fee of Baht 1.78 million.

3. Other income decreased by 22.62% or Baht 205.34 million, from Baht 907.61 million to Baht 702.28 million. It was derived from decrease in income from interest on margin loans by Baht 138.69 million, decrease in gain on investments and derivatives by Baht 15.67 million and decrease in other income by Baht 50.98 million.

4. Total expenses increased by 6.39% or Baht 133.29 million, from Baht 2,084.44 million to Baht 2,217.73 million. It was derived from increase in employee benefit expenses by Baht 214.56 million, increase in fee and service expenses by 37.30 million and decrease in a reversal of bad debt and doubtful accounts (increase in expense) by Baht 0.82 million against with decrease in interest expense by Baht 88.37 million and decrease in other expenses by Baht 29.89 million.

In addition, for the current period, there was a reversal of expected credit losses transaction (decrease in expense) by Baht 1.13 million. It was the impact from the adoption of Thai Financial Reporting Standard no. 9 "Financial Instruments", which is a new financial reporting standard adopted during the current period.

Employee benefit expenses of the prior year included past service cost of Baht 39 million, which was the impact of Labour Protection Act.

5. Corporate income tax increased by 81.44% or Baht 51.90 million, from Baht 63.73 million to Baht 115.63 million due to increase in profit before income tax.

Due to the above reasons, the operating result of the Company for the year ended December 31, 2020 increased from the last year by 90.17%.

## Financial Position

- **Assets**

Total assets at the end of the Year 2020 and 2019 were THB 19,085.67 million and THB 16,137.70 million, respectively. A major portion of the Company's assets are securities and derivatives business receivables which varies in accordance with trading volume during the last 2 trading days of each fiscal year, which are 69.67% and 79.66% of total assets as at 31 December 2020 and 2019, respectively.

- **Securities and Derivatives Business Receivables**

As of 31 December 2019, the Company's net securities and derivatives business receivables (plus accrued interest receivables) totaled THB 12,855.31 million, a decrease from that at the end of the Year 2018 which was THB 13,769.78 million.

As of 31 December 2020, the Company's net securities and derivatives business receivables (plus accrued interest receivables) totaled THB 13,300.47 million, increase from the end of the Year 2019 which was THB 12,855.31 million.

As of 31 December 2019 and 2020, securities and derivatives business receivables consisted of the following:

- As of 31 December 2019, the Company has securities business receivables-cash accounts in the amount of THB 1,587.34 million, accounting for 12.35% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of securities business receivables-cash accounts declined by 4.97% from that at the end of the preceding year. This is because total trading volume during the last 2 trading days of the Year 2019 was lower than that during the last 2 trading days of the Year 2018.

As of 31 December 2020, the Company has securities business receivables-cash accounts in the amount of THB 2,124.91 million, accounting for 16.04% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of securities business receivables-cash accounts increased by 34.44% from that at the end of the preceding year. This is because total trading volume during the last 2 trading days of the Year 2020 was more than that during the last 2 trading days of the Year 2019.

- As of 31 December 2019, the Company has credit balance accounts in the amount of THB 11,145.39 million, accounting for 86.70% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of credit balance accounts decreased by 6.38% from the end of the Year 2018. In addition, for other receivables which were overdue receivables on the process of following, composition or installment, at the end of the Year 2019, the outstanding balance was THB 249.12 million slightly decreased from last year which was THB 251.94 million. Most of such overdue receivables are receivables under the old margin loans system.

As of 31 December 2020, the Company has credit balance accounts in the amount of THB 10,992.25 million, accounting for 82.60% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of credit balance accounts decreased by 1.37% from the end of the Year 2019. In addition, for other receivables which are overdue receivables on the process of following, composition or installment, at the end of the Year 2020, the outstanding balance was THB 249.33 million slightly increased from last year which was THB 249.12 million. Most of such overdue receivables are receivables under the old margin loans system.

- The outstanding balance of receivables under securities borrowing and lending business was THB 93.35 million as of 31 December 2020, increased from the outstanding balance at the end of the Year 2019, which was THB 42.39 million.
- The outstanding balance of net derivatives business receivables was THB 41.71 million as of 31 December 2020, increased from the outstanding balance at the end of the Year 2019, which was THB 17.88 million.

- **Investment in Securities**

The Company's net investment in securities as of 31 December 2019 totaled THB 1,635.38 million. Such investment in securities consists of equity trading securities with the fair value of THB 1,625.62 million and general investment with the net value of THB 9.76 million.

The Company's net investment in securities as of 31 December 2020 totaled THB 2,746.86 million. Such investment in securities consists of equity trading securities (investment measured at fair value through profit or loss) with the fair value of THB 2,734.52 million and non-marketable equities investment (investment designated at fair value through other comprehensive income) with the fair value of THB 12.34 million.

Most of the Company's investments are for the purpose of hedging for derivative warrants issued.

- **Receivables from Clearing House**

As of 31 December 2019, the Company had receivables from clearing house balance of THB 494.60 million, decreased from THB 680.47 million as of 31 December 2018.

As of 31 December 2020, the Company had receivables from clearing house balance of THB 1,775.78 million, decreased from THB 494.60 million as of 31 December 2019.

- **Equipment**

As of 31 December 2020, the Company's net equipment totaled THB 69.00 million, decreased from THB 80.19 million at the end of the Year 2019. During the Year 2020, there were investments in fixtures and computer equipment of THB 22.40 million and depreciation charge of THB 29.24 million.

- **Other Assets**

The Company's other assets include clearing fund, unearned revenue, prepaid expenses and others. Total net book value as of 31 December 2020 was THB 465.96 million, increased from THB 394.16 million as at the end of the Year 2019. Such increase was contributed mainly to increase in accrued income and other receivables.

- **Liquidity**

For the Year 2019, the Company had a net cash flow from operating activities of THB 832.19 million and a net cash flow used in investing activities of THB 43.45 million. The Company invested in equipment and intangible assets totaled THB 29.82 million and THB 13.85 million, respectively.

For the Year 2019, the Company had a net cash flow used in financing activities of THB 797.33 million. Major source of the Company's financing cash inflow is borrowings from domestic financial institutions. Major use of the Company's financing cash flow was loan repayments and dividend payment.

For the Year 2020, the Company had a net cash flow used in operating activities of THB 881.55 million and a net cash flow used in investing activities of THB 28.28 million. The Company invested in equipment and intangible assets totaled THB 23.23 million and THB 5.33 million, respectively.

For the Year 2020, the Company had a net cash flow from financing activities of THB 677.66 million. Major source of the Company's financing cash inflow is borrowings from domestic financial institutions. Major use of the Company's financing cash flow was loan repayments and dividend payment.

In assessing the Company's liquidity, we should take into account its capability to maintain NCR in accordance with the rules as stipulated by the Office of the SEC. Over the last 3 years (2018-2020), the Company was able to maintain NCR at the rate of higher than 7%, which is the minimum requirement by the Office of the SEC. This demonstrates that the Company was able to generate and maintain sufficient liquidity for its operation. For the Years 2018, 2019 and 2020, the Company's NCR fell in the range of 14.60% - 43.79%, 27.50% - 53.86% and 20.67% - 39.04%, respectively. Note that NCR may vary from time to time due to changes in securities trading volume, securities underwriting commitment and etc.

- **Sources of Capital**

As of 31 December 2020, the Company's source of capital is from debt of THB 14,484.12 million and from equity of THB 4,601.55 million. The Company's D/E ratios as of 31 December 2019 and 2020 were 2.77 times and 3.15 times, respectively. Major portions of the Company's debt are securities and derivatives business payables that may vary from time to time in accordance with securities trading volume during the last 2 trading days of each year and borrowings from financial institutions, debt issued and borrowings. Readjusted D/E ratios of the Company (excluding securities and derivatives business payables) as of 31 December 2019 and 2020 were 2.48 times and 2.54 times, respectively. It is increase in the Company's total debt in the Year 2020 was due to the increase in borrowings from financial institutions and securities and derivatives business payables.

The Company's ROEs for the Years 2019 and 2020 were 5.76% and 10.91%, respectively. For the Years 2019 and 2020, the Company made total dividend payments of THB 547.98 million and THB 159.83 million, respectively.

**Factors that may significantly affect the Company's financial performance and position in the future**

Domestic economic and political situations may affect the Company's financial performance and position. Factors such as change in interest rates, fluctuation in oil prices, political uncertainty, monetary policy as prescribed by the Bank of Thailand as well as domestic and global economic situations, all of which may jointly work to affect investment confidence in domestic and international markets.

Risk due to change in price of securities the Company has held may affect the Company's performance. Investment diversification would help to reduce this risk, i.e. settlement risk, trading error risk as well as financial risk, all of which will jointly work to affect the Company's financial position. The Company controls those risks to be at an acceptable level.

- **Future Trend**

Domestic political unrest as well as uncertain and fragile global economic recovery will affect long-term domestic economic recovery, new business opportunities and profitability of domestic listed firms in the medium and long-run, thus making investments in SET-listed firms less interesting. This will adversely affect trading activities on the SET as well as performances of the Company and other securities brokerage firms. To ensure its long-term competitiveness, the Company has a policy to continuously develop its human resources to ensure its readiness for new businesses and apply new technology to achieve operating efficiency and effective cost management. The Company has a policy to maintain its leadership in the domestic securities business by providing fully-integrated securities brokerage services and to support continuous development of the Thai capital market.

## Report Regarding the Responsibility of the Board of Directors for Financial Report

The Board of Directors of Maybank Kim Eng Securities (Thailand) Public Company Limited is responsible for the Company's financial statements and financial information as shown in its annual report for the year 2020. The Company's financial reports and information are prepared in compliance with the Generally Accepted Accounting Principles, with due care and carefulness. The Company has provided sufficient disclosure of important information in the notes to financial statements for the benefit of shareholders and general investors.

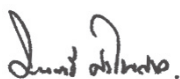
For the purpose of preparing reliable and accurate financial statements and information, the Board of Directors has set up a risk management system to ensure accurate, complete and sufficient recording of accounting data for the purpose of asset custody and prevention of any fraud and unusual activities. As well, the Company set up an Audit Committee to review its accounting policies, sufficiency of the internal control systems, auditing and disclosure of financial data to ensure accurate, reliable and reasonable data regarding its financial status, revenue, expenses and cash flow.

The Company's financial statements were audited by EY Office Limited. In auditing the Company's financial statements, the Board of Directors and the management provided data and documents necessary for the auditor to perform the auditing tasks and provide the opinion in accordance with applicable auditing standards. The auditor's opinion already appears on the Company's annual report.

It is the Board of Directors' opinion that the financial statements of Maybank Kim Eng Securities (Thailand) Public Company Limited ending December 31, 2020 are prepared in line with generally accepted accounting principles and relevant rules and regulations.



Dr. Areepong Bhoocha-oom  
Chairman of the  
the Board of Directors



Montree Sornpaisarn  
Executive Director and  
Chief Executive Officer



Hamidah Binti Moris  
Authorized Director

Maybank Kim Eng Securities (Thailand) Public Company Limited

# Report and financial statements

31 December 2020

## **Independent Auditor's Report**

To the Shareholders of Maybank Kim Eng Securities (Thailand) Public Company Limited

### **Opinion**

I have audited the accompanying financial statements of Maybank Kim Eng Securities (Thailand) Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

### *Recognition of brokerage fees income and interest income on margin loans*

The Company's income mainly consisted of brokerage fees income and interest income on margin loans, amounting to Baht 1,976 million and Baht 427 million, respectively, representing 70 percent and 15 percent of the Company's total revenues. The Company charges brokerage fees at percentages of trading volume, which are freely negotiated, and based on a sliding scale fee structure and interest is charged to clients at fixed rates that are adjusted periodically based on market conditions and the competitive environment. Because of the size and volume of transactions, the large number of customers, the fees charged to customers being dependent on various factors, and the recognition of revenue from brokerage fees income and interest income on margin loans relying primarily on data processed by information systems, I addressed the measurement and occurrence of brokerage fees and interest income on margin loans as a key audit matter.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to recognition of brokerage fees income and interest income on margin loans, including computer-based controls relevant to the calculation of brokerage fees income and interest income on margin loans. I also tested, on a sampling basis, the brokerage rates, interest rates, staging, calculation and account recording. In addition, I performed analytical procedures on brokerage fees income and interest income on margin loans and examined, on a sampling basis, material manual adjustments made via journal vouchers.

### *Allowance for expected credit losses on securities and derivatives business receivables*

As of 31 December 2020, securities and derivatives business receivables amounting to Baht 13,300 million, representing 70 percent of the Company's total assets. As discussed in Note 4.10 and 5.2 to the financial statements, the Company recognised allowance for expected credit losses on such receivables based on Thai Financial Reporting Standard No. 9. The estimation of allowance for expected credit losses on securities and derivatives business receivables is significant because management of the Company must exercise judgement to identify significant changes in credit risk and to determine assumptions used in the expected credit loss model. Moreover, the Company has a large number of customers and the balance of these receivables is significant to the financial statements. Therefore, I addressed the adequacy of allowance for expected credit losses for such receivables as a key audit matter.

I performed audit procedures on the adequacy of allowance for expected credit losses as follows:

- I assessed, and tested on a sampling basis, the Company's internal controls relevant to the status of account receivables, the staging in accordance with changes in credit risk of receivables, the calculation of allowance for expected credit losses and the recording. I also assessed, and tested on a sampling basis, the reasonableness of assumptions and the expected credit loss model.
- I examined the adequacy of allowance for expected credit losses as at the end of reporting period by testing on a sampling basis, data used in the calculation of allowance for expected credit losses, the status of outstanding receivable, the staging in accordance with changes in credit risk of receivables, the collections after the end of reporting period and the calculation of allowance for expected credit losses, as well as the adequacy and appropriate of disclosure.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Ratana Jala  
Certified Public Accountant (Thailand) No. 3734  
EY Office Limited  
Bangkok: 2 February 2021

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position

As at 31 December 2020

(Unit: Baht)

	Note	31 December 2020	31 December 2019
<b>Assets</b>			
Cash and cash equivalents	6	130,770,038	363,334,991
Receivables from Clearing House and brokers	7	1,775,774,654	494,602,634
Securities and derivatives business receivables	8	13,300,474,361	12,855,308,102
Investments	10	2,750,385,057	1,638,907,197
Loans	11	216,840,019	237,808,566
Equipment	13	68,999,161	80,193,874
Right-of-use assets	14.1	352,469,431	-
Intangible assets	15	23,996,507	26,172,069
Deferred tax assets	16.1	-	47,207,990
Other assets	17	465,963,270	394,161,277
<b>Total assets</b>		<b>19,085,672,498</b>	<b>16,137,696,700</b>

The accompanying notes are an integral part of the financial statements.

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	31 December 2020	31 December 2019
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	18	5,050,000,000	1,300,000,000
Payables to Clearing House and brokers	19	13,933,707	508,202,952
Securities and derivatives business payables	20	2,794,205,886	1,246,107,312
Derivatives liabilities	9	13,951,208	16,800,791
Income tax payable		-	45,254,761
Debt issued and other borrowings	21	5,606,449,412	8,346,566,430
Provisions	22	298,026,388	243,388,523
Lease liabilities	14.2	336,599,124	-
Deferred tax liabilities	16.1	46,881,331	-
Other liabilities	24	324,071,909	153,957,765
<b>Total liabilities</b>		<b>14,484,118,965</b>	<b>11,860,278,534</b>
<b>Shareholders' equity</b>			
Issued and paid-up share capital			
Ordinary shares	25	2,854,072,500	2,854,072,500
Share premium and premium on treasury shares		542,789,399	542,789,399
Retained earnings			
Appropriated - statutory reserve	26	286,125,000	286,125,000
Unappropriated		916,502,081	594,431,267
Other components of shareholders' equity		2,064,553	-
<b>Total shareholders' equity</b>		<b>4,601,553,533</b>	<b>4,277,418,166</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,085,672,498</b>	<b>16,137,696,700</b>
		-	-

The accompanying notes are an integral part of the financial statements.



Maybank Kim Eng Securities (Thailand) Public Company Limited

Cash flows statement

For the year ended 31 December 2020

	(Unit: Baht)	
	2020	2019
<b>Cash flows from operating activities</b>		
Profits before income tax	600,081,721	318,480,135
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities		
Depreciation and amortisation	135,227,925	58,593,601
Loss on modification of lease agreement	84,904	-
Reversal of bad debt and doubtful accounts	-	(817,690)
Reversal of expected credit losses	(1,131,770)	-
Doubtful accounts on other assets (reversal)	(15,000,000)	2,583,751
Unrealised gain on revaluation of investments	(626,067,072)	(33,910,529)
Unrealised (gain) loss on revaluation of exchange rate	(1,274,518)	1,439,586
Unrealised loss on revaluation of derivatives	146,283,755	8,099,540
Loss on sales and written-off of equipment	6,374,330	1,378,545
Interest expense	238,581,435	326,947,066
Interest income	(548,223,049)	(764,104,572)
Amortisation of prepaid personal expenses	92,194,287	109,812,322
Provision for long-term employee benefits	37,468,263	78,838,628
Other provision	-	1,480,068
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>64,600,211</b>	<b>108,820,451</b>
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	(1,431,171,596)	176,562,564
Securities and derivatives business receivables	(460,359,365)	911,669,294
Investments	(481,850,218)	(956,824,332)
Loans	20,955,796	6,255,345
Other assets	(87,275,615)	(67,110,872)

The accompanying notes are an integral part of the financial statements.

Maybank Kim Eng Securities (Thailand) Public Company Limited

Cash flows statement (continued)

For the year ended 31 December 2020

	(Unit: Baht)	
	2020	2019
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	(494,269,245)	142,604,569
Securities and derivatives business payables	1,547,112,170	20,446,211
Derivative liabilities	2,140,066	17,160,124
Provisions	(12,094,108)	(12,833,102)
Other liabilities	175,574,873	(49,575,320)
Cash received (paid) from operating activities	(1,156,637,031)	297,174,932
Cash paid for interest	(158,128,459)	(208,989,603)
Cash received from interest	562,998,821	809,683,847
Cash paid for income tax	(129,778,786)	(65,684,176)
Net cash flows from (used in) operating activities	(881,545,455)	832,185,000
Cash flows from investing activities		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(23,227,023)	(29,822,194)
Proceeds from disposals of equipment	270,827	216,347
Cash paid for purchases of intangible assets	(5,328,641)	(13,845,432)
Net cash flows used in investing activities	(28,284,837)	(43,451,279)
Cash flows from financing activities		
Cash received (paid) from financing activities		
Cash received from borrowings from financial institutions	103,463,000,000	62,455,000,000
Cash paid for borrowings from financial institutions	(99,713,000,000)	(64,120,000,000)
Cash received from debt issued and other borrowings	30,720,699,351	25,185,862,722
Cash paid for debt issued and other borrowings	(33,546,000,000)	(23,765,000,000)
Cash paid for lease liabilities	(87,220,218)	(5,210,573)
Dividend paid	(159,828,060)	(547,981,920)
Net cash flows from (used in) financing activities	677,651,073	(797,329,771)
Net decrease in cash and cash equivalents	(232,179,219)	(8,596,050)
Cash and cash equivalents at the beginning of the year	363,334,991	371,931,041
Cash and cash equivalents at the ending of the year (Note 6)	131,155,772	363,334,991

The accompanying notes are an integral part of the financial statements.

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	2020	2019
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fees income	28	1,976,447,510	1,421,193,298
Fees and service income	29	139,088,163	74,115,579
Interest income	30	548,223,049	764,104,572
Gains and returns on financial instruments	31	101,868,069	74,046,704
Other income		52,184,197	69,459,292
<b>Total income</b>		<b>2,817,810,988</b>	<b>2,402,919,445</b>
<b>Expenses</b>			
Employee benefit expenses		1,334,152,213	1,119,590,924
Fees and service expenses		211,028,559	173,727,841
Interest expense	32	238,581,435	326,947,066
Reversal of bad debt and doubtful accounts		-	(817,690)
Reversal of expected credit losses	33	(1,131,770)	-
Other expenses	34	435,098,830	464,991,169
<b>Total expenses</b>		<b>2,217,729,267</b>	<b>2,084,439,310</b>
<b>Profit before income tax</b>		<b>600,081,721</b>	<b>318,480,135</b>
Income tax	16.2	(115,630,815)	(63,735,049)
<b>Profit for the year</b>		<b>484,450,906</b>	<b>254,745,086</b>
<b>Other comprehensive income:</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain on investments in equity instruments designated at fair value through other comprehensive income		346,302	-
Income tax effect	16.2	(69,260)	-
Gain on investments in equity instruments designated at fair value through other comprehensive income - net of income tax effect		277,042	-
Actuarial gain		-	11,921,090
Income tax effect	16.2	-	(2,384,218)
Actuarial gain - net of income tax effect		-	9,536,872
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax effect		277,042	9,536,872
<b>Other comprehensive income for the year</b>		<b>277,042</b>	<b>9,536,872</b>
<b>Total comprehensive income for the year</b>		<b>484,727,948</b>	<b>264,281,958</b>
<b>Earnings per share</b>	37		
Basic earnings per share		0.85	0.45

The accompanying notes are an integral part of the financial statements.

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2020

	(Unit: Baht)					
	Issued and paid-up capital	Share premium and premium on treasury shares	Retained earnings		Other components of equity	
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					equity instruments designated at fair value through other comprehensive income	
Balance as at 1 January 2019	2,854,072,500	542,789,399	286,125,000	878,131,229	-	4,561,118,128
Dividend paid (Note 27)	-	-	-	(547,981,920)	-	(547,981,920)
Profit for the year	-	-	-	254,745,086	-	254,745,086
Other comprehensive income for the year	-	-	-	9,536,872	-	9,536,872
Total comprehensive income	-	-	-	264,281,958	-	264,281,958
Balance as at 31 December 2019	2,854,072,500	542,789,399	286,125,000	594,431,267	-	4,277,418,166
Balance as at 1 January 2020	2,854,072,500	542,789,399	286,125,000	594,431,267	-	4,277,418,166
Cumulative effect of change in accounting policy (Note 3.3)	-	-	-	(2,552,032)	1,787,511	(764,521)
Balance as at 1 January 2020 - as restated	2,854,072,500	542,789,399	286,125,000	591,879,235	1,787,511	4,276,653,645
Dividend paid (Note 27)	-	-	-	(159,828,060)	-	(159,828,060)
Profit for the year	-	-	-	484,450,906	-	484,450,906
Other comprehensive income for the year	-	-	-	-	277,042	277,042
Total comprehensive income for the year	-	-	-	484,450,906	277,042	484,727,948
Balance as at 31 December 2020	2,854,072,500	542,789,399	286,125,000	916,502,081	2,064,553	4,601,553,533

The accompanying notes are an integral part of the financial statements.

**Maybank Kim Eng Securities (Thailand) Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2020**

**1. General information**

Maybank Kim Eng Securities (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Maybank Kim Eng Holdings Limited, which is incorporated in Singapore. The ultimate parent company of the Group is Malayan Banking Berhad, which is incorporated in Malaysia. The Company has licenses for securities business, which are securities brokerage, securities trading, underwriting, investment advisory, corporate finance advisory, securities registrar, derivatives brokerage and securities borrowing and lending.

The Company’s registered office is located at No. 999/9 The Offices at Central World Building, 20th - 21st Floor, Rama 1 Road, Pathumwan, Bangkok. As at 31 December 2020, the Company has 30 branches in Bangkok and upcountry (31 December 2019: 35 branches).

**2. Basis for the preparation of financial statements**

The financial statements for the year ended 31 December 2020 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies (version 3) No. SorThor 6/2562 dated 8 January 2019.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. New financial reporting standards**

**3.1 Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new standard involves changes to key principles, which are summarised below:

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. The adoption of these financial reporting standards has resulted in changes in the Company's accounting policy as summarised below.

## *Change of classification and measurement*

### *Financial assets classified as debt instruments*

The Company classifies financial assets that are debt instruments as financial assets that are subsequently measured at amortised cost or fair value depends on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets as follows:

- Financial assets measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### *Financial assets classified as equity instruments*

All investments in equity instruments are measured at fair value in the statement of financial position. The Company classifies investments in equity instruments as financial assets to be measured at fair value through profit or loss, except certain items that are classified as financial assets to be measured at fair value through other comprehensive income in accordance with the Company's investment policy.

The management of the Company reviewed and evaluated the existing financial assets as at 1 January 2020 according to the facts and circumstances that exist at that date and summarised the significant changes to the financial assets of the Company which were related to classification and measurement as follows:



- The previous classification of held-to-maturity and general investments is no longer applicable.
- All investments in held-to-maturity debt instruments are to be classified as financial assets that are measured at amortised cost.
- All general investments are to be classified as financial assets that are measured at fair value through other comprehensive income.
- The majority of investments in equity instruments are to be classified as financial assets that are measured at fair value through profit or loss, except certain items that are classified as financial assets measured at fair value through other comprehensive income in accordance with the Company's investment policy.
- For investments in equity instruments that have been measured at fair value through other comprehensive income, all gains and losses incurred will be presented in other comprehensive income, except dividends that are recognised in profit or loss.

#### *Financial liabilities*

- The classification of all financial liabilities of the Company has not been changed. The majority of its financial liabilities are still measured at amortised cost, except payables under securities borrowing and lending business and derivatives (loss) that are measured at fair value through profit or loss.

#### *Impairment of financial assets*

Impairment requirements according to TFRS 9 Financial Instruments are recognised in accordance with the Expected Credit Loss model and management overlay. The financial reporting standard requires the Company to recognise allowance for expected credit losses for all financial assets classified as debt instruments that are not measured at fair value through profit or loss. The Company uses a general approach to determine allowance for expected credit losses for cash equivalents, receivables from clearing house and brokers, cash accounts, credit balance accounts, derivatives business receivables, other securities and derivatives business receivables, investments in debt instruments, loans, and other assets. Expected credit losses must be measured at an amount equal to 12-month expected credit losses, except in the cases where credit risk has increased significantly since initial recognition or assets are impaired, the allowance must be measured at an amount equal to the lifetime expected credit losses of financial instruments. The Company considers using a simplified approach to determine expected credit losses over the expected life for accrued service income. Impairment under these financial reporting standards leads to credit losses being recognised faster compared to the previous method.

### **Practice during the transition period**

Changes in accounting policies resulted from the adoption of financial reporting standards related to financial instruments must be applied retrospectively, except for the part of financial reporting standards which allows the Company to choose one of the following alternatives:

- It may opt not to restate the financial statements presented for comparative purposes, and make an adjustment to the cumulative effect of the initial adoption of the financial reporting standards related to financial instruments through an adjustment of retained earnings (or other components of shareholders' equity) as at 1 January 2020.
- It may reclassify financial assets according to the Company's business model and management of its assets on the basis of the facts and circumstances that exist at the date of first-time adoption of these financial reporting standards.

The cumulative effect of the change is described in Note 3.3.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as right-of-use assets and lease liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 3.3.

### **Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand.

The Company does not apply the temporary relief measures for Entities Providing Assistance to Debtors.

### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting years ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each year reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each year reversed in proportion to the reduction, with any differences then recognised in profit or loss.

However, the impact of such on the financial statements is not significant.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company has evaluated that these standards do not have any significant impact on the Company's financial statements in the year when they are adopted.

### 3.3 Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3.1 to the financial statements, during the current year, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statement of financial position as at 1 January 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Assets</b>				
Cash and cash equivalents	363,335	(252)	-	363,083
Securities and derivatives business receivables	12,855,308	(2,325)	-	12,852,983
Investments	1,638,907	2,227	-	1,641,134
Loans	237,809	(19)	-	237,790
Equipment	80,194	-	(2,575)	77,619
Right-of-use assets	-	-	443,462	443,462
Deferred tax assets	47,208	(395)	-	46,813
Other assets	394,161	-	(149)	394,012
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Provisions	243,389	-	28,843	272,232
Lease liabilities	-	-	415,898	415,898
Other liabilities	153,958	-	(4,003)	149,955
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	594,431	(2,552)	-	591,879
Other components of shareholders' equity	-	1,788	-	1,788

#### 3.3.1 Financial Instruments

Details of the impact on other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

Classification of investments in non-marketable equity instruments designated at fair value through other comprehensive income	1,788
Impacts on other comprehensive income loss due to the adoption of financial reporting standards for financial instruments	1,788

As at 1 January 2020, classification and measurement of financial assets and financial liabilities required by TFRS 9 in comparison with classification and the former carrying amounts are as follows:

(Unit: Million Baht)

	The former carrying amounts	Classification and measurement in accordance with TFRS 9			
		Fair value			Total
		Fair value through profit or loss	through other comprehensive income	Amortised cost	
Financial assets as of 1 January 2020					
Cash and cash equivalents	363	-	-	363	363
Receivables from clearing house and brokers	495	-	-	495	495
Securities and derivatives					
business receivables	12,855	42	-	12,811	12,853
Investments	1,639	1,626	12	3	1,641
Loans	238	-	-	238	238
Accrued service and interest income	30	-	-	30	30
<b>Total financial assets</b>	<b>15,620</b>	<b>1,668</b>	<b>12</b>	<b>13,940</b>	<b>15,620</b>

(Unit: Million Baht)

	The former carrying amounts	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial liabilities as of 1 January 2020					
Borrowings from financial institutions	1,300	-	-	1,300	1,300
Payables to clearing house and brokers	508	-	-	508	508
Securities and derivatives business payables	1,246	101	-	1,145	1,246
Derivatives liabilities	17	17	-	-	17
Debt issued and other borrowings	8,347	-	-	8,347	8,347
Other liabilities	4	-	-	4	4
Total financial liabilities	11,422	118	-	11,304	11,422

### 3.3.2 Leases

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020 between 1.80 and 2.00 per annum. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS16.

(Unit: Million Baht)

Operating lease commitments as at 31 December 2019	208
Less: Short-term leases and leases of low-value assets	(6)
Add: Option to extend lease term	232
Less: Deferred interest expenses	(22)
Increase in lease liabilities due to TFRS 16 first-time adoption	412
Liabilities under finance lease agreements as at 31 December 2019	4
Lease liabilities as at 1 January 2020	416

The adjustments of right-of-use assets due to TFRS 16 first-time adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)
Building	441
Motor vehicles	3
<b>Total right-of-use assets</b>	<b>444</b>

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### a) Brokerage fees income

Brokerage fees income on securities and derivatives business are recognised as income on the transaction date.

#### b) Fees and service income

Fees and service income are recognised when services have been rendered, taken into account the stage of completion.

#### c) Interest income

#### *Accounting policy adopted since 1 January 2020*

The Company recognises interest income using the effective interest rate method and recognised on an accrual basis.

The Company calculates interest income by applying the effective interest rate to the gross book value of financial assets. When financial assets are impaired, the Company calculates interest income using the effective interest rate, based on the net book value (gross book value less expected credit losses) of the financial assets. If the financial assets are not credit impaired, the Company will calculate interest income based on the original gross book value.

#### *Accounting policy adopted before 1 January 2020*

Interest is recognised over the term of the loans based on the amount of outstanding principal. No accrual has been made for certain loans which, under Notification No. KorThor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission, are not qualified for recognition of interest on an accrual basis and consideration of other relevant factors.



d) Gains and returns on financial instruments

*Gain (loss) on investments and derivatives*

Gain (loss) on investments and derivatives are recognised as income/expense on the transaction date.

*Dividend*

Dividend is recognised when the right to receive the dividend is established.

#### 4.2 Expense recognition

Expenses are recognised on an accrual basis.

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### 4.3 Financial Instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, accrued service income, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

*Accounting policy adopted since 1 January 2020*

#### **Classification and measurement of financial assets and financial liabilities**

##### Financial asset - debt instruments

The Company classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Company' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- A financial asset measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost net of allowance for expected credit losses (if any).

- A financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at fair value. The unrealised gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realised, after which such gains or losses on disposal of the instruments will be recognised as gain or losses in income statement. The gains or losses on foreign exchange, expected credit losses, and interest income which calculated using the effective interest rate method are recognised in profit or loss.
- A financial asset measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at fair value. Unrealised gains and losses from change in fair value, and gains and losses on disposal of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

#### Financial asset - equity instruments

The Company has classified investment in equity securities that held for trading as the financial asset measured at fair value through profit or loss which are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. Dividends on these investments are recognised in profit or loss.

The Company has classified investment in equity securities that not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial asset measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value is recognised in other comprehensive income and not subsequently transferred to profit or loss when disposal, instead, it is transferred to retained earnings. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

### Financial liabilities

The Company classifies financial liabilities as measured at amortised cost. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost except for payables under securities borrowing and lending business and derivatives (loss) that measured at fair value through profit or loss.

### **Offsetting**

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created or retained by the Company, are still recognised as financial assets.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### **Write-off**

Debts that are determined to be irrecoverable are written off in the year in which the decision is taken. This is generally the case when the Company determines that the counterparties does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

## **4.4 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and all bank deposit accounts maturing within 3 months from the date of acquisition, and including certificate of deposit maturing within 3 months or less from the date of acquisition and not subject to withdrawal restrictions.

#### **4.5 Recognition and derecognition of customers' assets**

Cash which customers have placed with the Company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as collateral for derivative trading, are recorded as assets and liabilities of the Company for internal control purpose. At the financial position date, the Company excludes those amounts from both assets and liabilities and presents only assets which belong to the Company.

#### **4.6 Receivables from/payables to clearing house and brokers**

Receivables from/payables to clearing house and brokers comprise the net balance of receivables from/payables to Thailand Clearing House in respect of settlements for securities trades and derivative instruments. They include cash pledged with Thailand Clearing House as collateral for derivatives trading, cash pledged with foreign securities companies as collateral for securities trading, and the net balance of amounts receivable from/payable to foreign securities companies in respect of securities trades settled overseas through foreign securities companies.

#### **4.7 Securities and derivatives business receivables**

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, and including related accrued interest receivables after deducting allowance for expected credit losses. In addition, securities business receivables comprise the net receivable balances of cash accounts, credit balance receivables for which the securities purchased are used as collateral, securities borrowing and lending receivables and guaranteed deposit receivables (which comprise cash placed as guarantee from borrowers of securities) as well as other receivables such as overdue cash customer accounts and receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

#### **4.8 Securities borrowing and lending**

The Company is engaged in securities borrowing and lending, whereby the Company acts as an agent and the Company is the intermediary between the borrowers and lenders of securities.

The Company records its obligations to return borrowed securities which it has lent as "Payables under securities borrowing and lending business" and securities lent to customers are recorded as "Receivables under securities borrowing and lending business" in the statement of financial position. At the end of the reporting period, the balance of payables/receivables under securities and lending business are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day. Gains or losses arising from such adjustment are included in part of profit or loss. In addition, the Company records cash paid as collateral for securities borrowing as "Guaranteed deposit receivables" and cash received as collateral for securities lending as "Guaranteed deposit payables". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

## 4.9 Derivatives

### Derivative warrants

The Company initially recognises the fair value of derivative warrants as financial liabilities. Unrealised gains or losses resulting from changes in the fair values of derivative warrants are recognised in profit or loss. The fair value of marketable derivative warrants is calculated with reference to the last offer price quoted on the Stock Exchange of Thailand on the last working day.

### Futures

The Company initially recognises future as off-balance transactions. Gains or losses from changes in the fair value of future is included in profit or loss. The fair value of marketable futures is calculated with reference to the settlement prices quoted on Thailand Futures Exchange Public Company Limited on the last working day.

## 4.10 Allowance for expected credit losses on financial assets/ allowance for doubtful accounts

### *Accounting policy adopted since 1 January 2020*

The Company applies the General Approach under TFRS 9 for recognition of expected credit losses of financial assets - debt instruments which are deposit at financial institutions, receivables from clearing house and brokers, cash accounts, credit balance accounts, derivatives business receivables, other securities and derivatives business receivables, investments in debt instruments, loans and other assets that are measured at amortised cost or fair value through other comprehensive income. The Company recognises allowance for expected credit losses at an amount equal to the lifetime expected credit losses in cases where there has been a significant increase in credit risk since initial recognition, but the assets are not credit impaired, or where the assets are credit impaired. However, in cases where there has not been a significant increase in credit risk since initial recognition, the Company recognises allowance for expected credit losses at an amount equal to the expected credit losses of the next 12 months.

At every reporting date, the amount of allowance for expected credit losses is reassessed to reflect changes in credit risk of financial assets since initial recognition of related financial instruments.

Measurement of expected credit loss involves calculation of the probability of default, the possible loss given default and the amount of exposure at the time of default. Assessment of the probability of default and loss given default is made on the basis of historical loss experience, with adjustments to reflect current observable data as well as reasonable and supportable forecasts of future economic conditions. The amount of exposure at default is the gross book value of the assets at the reporting date. The Company has established a process to review and monitor methodologies, assumptions and forward-looking macroeconomic scenarios on a regular basis.

The allowance for expected credit losses under the General Approach on credit balance accounts is based on historical loss experience, adjusted to reflect specific factors and forecasts of future economic conditions. In determining whether credit risk has increased significantly since initial recognition, the Company mainly takes into account the status of outstanding receivables and maintenance of required collateral values in the contract.

At every reporting date, the Company determines whether the credit risk of other debt instruments and deposit at financial institutions has increased significantly since initial recognition, by mainly taking into account internal and external credit rating of the counterparties as well as overdue status.

The Company assesses whether the credit risk has increased significantly from the date of initial recognition on an individual or collective basis. In order to perform collective evaluation of impairment, the Company classifies financial assets on the basis of shared credit risk characteristics, such as the type of instrument, overdue status, and other relevant factors.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred, there are indications that the borrower is experiencing significant financial difficulties, or there is a breach of contract, as well as delinquency.

For accrued service income, the Company has decided to use a simplified approach, based on overdue status, to determine expected credit losses over the expected lifetime of the asset.

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the year in profit or loss in the statements of comprehensive income.

#### *Accounting policy adopted before 1 January 2020*

The Company provides allowance for doubtful accounts based on specific review of the debtor's repayment capability, taking into consideration recovery risk and the collateral value. Such debt classifications and provisions are made in accordance with the guideline laid down in the Notification No. KorThor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission (SEC), and consideration of other relevant factors.

#### 4.11 Investments

##### *Accounting policy adopted before 1 January 2020*

- a. Investments in securities held for trading are determined at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b. Investments in held-to-maturity debt instruments are recorded at amortised cost. The premium/discount on debt instruments is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c. Investments in deposits at financial institutions are fixed deposits and certificate of deposits issued by financial institutions with original maturity of longer than 3 months from the date of acquisition or with an original maturity within 3 months from the date of acquisition, but the company intends to roll-over them, or deposits subject to withdrawal restrictions.
- d. Investments in non-marketable equity securities which the Company classified as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.12 Loans

##### *Accounting policy adopted before 1 January 2020*

Loans to employees under welfare program are initially recognised at the amount granted to the employees and are subsequently stated at amortised cost, based on the effective interest rate. Returns are recognised in the statement of comprehensive income over the term of loan.



#### 4.13 Equipment and Depreciation

Equipment are stated at cost less accumulated depreciation and allowance for impairment loss (if any). Depreciation of equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Building improvement	5	years
Furniture, fixtures and equipment	5	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.14 Leases

##### *Accounting policy adopted since 1 January 2020*

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

##### *Right-of-use assets*

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings	2 - 6	years
Motor vehicles	5	years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

### *Lease liabilities*

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### *Short-term leases and leases of low-value assets*

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### *Accounting policy adopted before 1 January 2020*

Leases of vehicles which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of office space and equipment which do not transfer substantially all the risks and reward of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## **4.15 Intangible assets and Amortisation**

Intangible assets acquired are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	5	years
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No amortisation is provided on TFEX membership fees and software under installation. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

#### **4.16 Property foreclosed**

Property foreclosed consists of immovable properties, and is stated at the lower of cost or net realisable value. Loss on impairment is included in determining income. Gains or losses on disposals of such properties are recognised in the statement of comprehensive income at the date of disposal.

#### **4.17 Impairment of non-financial assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment right-of-use asset and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.18 Securities and derivatives business payables**

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales and obligations to return assets held by the Company as collateral for securities lending.

#### **4.19 Income tax**

Income tax represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.20 Debt issued and other borrowings**

Debt issued and other borrowings are initially recognised at the fair value of the proceeds received. Debt issued and other borrowings are subsequently measured at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

#### **4.21 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.22 Employee benefits**

##### **a. Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **b. Post-employment benefits (Defined contribution plans)**

The Company and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### **c. Post-employment benefits (Defined benefit plans)**

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally independent expert, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **4.23 Treasury stocks**

The consideration paid which is directly related with buying back ordinary share of the Company, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until the treasury shares are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

#### **4.24 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, management personnel, directors and officers with authority in the planning and direction of the operations of the Company.

#### **4.25 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.26 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at time requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosure, and actual results could differ from these estimations. The significant accounting judgements and estimates are as follows:

### **5.1 Recognition and derecognition of assets and liabilities**

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

### **5.2 Allowances for expected credit losses of financial assets**

The management is required to use judgement in estimating allowance for expected credit losses for financial assets. The Company's calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, the development of a model, the risk that collateral value cannot be realised, collective and individual analyses of the status of receivables, the probability of debt collection and the selection of the forecasted macroeconomic data inputs used in the model. The use of different estimates and assumptions could affect the amount of the allowance for credit losses and, therefore, the allowance may need to be adjusted in the future.

### **5.3 Equipment and Depreciation**

In determining depreciation of equipment, the management is required to make estimates of the useful lives and salvage values of the Company's equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **5.4 Determining the lease term of contracts with renewal and termination options**

In determining the lease term, the management is required to use judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease considering all relevant facts and circumstances that create an economic incentive for it to exercise either the renewal or termination.

#### **5.5 Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### **5.6 Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### **5.7 Deferred tax asset**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is highly probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **5.8 Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### **5.9 Litigation**

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.



### 5.10 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the financial statements and disclosures of fair value hierarchy.

## 6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Cash, short-term fixed deposits and short-term certificates of deposit maturing within 3 months from date of acquisition	5,704,402	782,709
Less: Cash deposits held for customers	(5,573,246)	(419,374)
	131,156	363,335
Less: Allowance for expected credit losses	(386)	-
Cash and cash equivalents	130,770	363,335

### Supplemental cash flows information

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Non-cash items:		
Purchase of equipment and intangible asset on credit	4,104	831
Increase in right-of-use assets and lease liabilities	9,659	-

## 7. Receivables from clearing house and brokers

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Receivables from clearing house	3,561,368	982,995
Receivables from foreign brokers	530,704	438,665
Less: Receivables from clearing house held for customers	(1,807,079)	(496,154)
Less: Receivables from foreign brokers held for customers	(509,218)	(430,903)
Receivables from clearing house and brokers	1,775,775	494,603

## 8. Securities and derivatives business receivables

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
<b>Securities business receivables</b>		
Cash accounts receivables	2,124,906	1,587,342
Credit balance accounts receivables	10,992,252	11,145,387
Receivables under securities borrowing and lending business	93,345	42,394
Other receivables	264,302	263,300
Total securities business receivables	13,474,805	13,038,423
Add: Accrued interest receivables	36,031	50,168
Less: Allowance for doubtful accounts	-	(251,164)
Less: Allowance for expected credit losses	(252,191)	-
Securities business receivables	13,258,645	12,837,427
<b>Derivatives business receivables</b>		
Derivatives business receivables	41,706	17,881
Other receivables	609	456
Less: Allowance for doubtful accounts	-	(456)
Less: Allowance for expected credit losses	(486)	-
Derivatives business receivables	41,829	17,881
Securities and derivatives business receivables	13,300,474	12,855,308

### 8.1 Classification of securities and derivatives business receivables

As at 31 December 2020 and 2019, the Company has classified securities and derivatives business receivables in accordance with TFRS 9 / the relevant notification issued by the Office of the Securities and Exchange Commission. Classification are as follows:

(Unit: Thousand Baht)

	31 December 2020		
	Securities business receivables and accrued interest	Exposure at Default	Allowance for expected credit losses
<b>Securities business receivables</b>			
12-month ECL	13,246,534	13,246,534	(783)
Lifetime ECL - not credit impaired	-	-	-
Lifetime ECL - credit impaired	264,302	264,302	(251,408)
Total securities business receivables	13,510,836	13,510,836	(252,191)
<b>Derivative business receivables</b>			
12-month ECL	41,706	41,706	-
Lifetime ECL - not credit impaired	-	-	-
Lifetime ECL - credit impaired	609	609	(486)
Total derivative business receivables	42,315	42,315	(486)
Total securities and derivative business receivables	13,553,151	13,553,151	(252,677)

(Unit: Thousand Baht)

	31 December 2019		
	Debt balance	Allowance for doubtful Accounts	Net debt balance after allowance for doubtful accounts
Normal Debts	12,843,172	-	12,843,172
Sub-standard Debts	12,136	-	12,136
Doubtful Debts	251,621	(251,621)	-
Total	13,106,929	(251,621)	12,855,308

As at 31 December 2020 and 2019, credit impaired loans (including accrued interest) totalling Baht 254 million is the Company's receivables before Kim Eng Holdings Limited (Current name is Maybank Kim Eng Holdings Limited) became a shareholders and management of the Company in 1998.

## 9. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

	31 December 2020			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
<b>Trading derivatives</b>				
Derivatives warrants	-	-	13,951	13,818,355
Futures <sup>(1)</sup>	-	863,894	-	2,064,476
<b>Total</b>	<b>-</b>	<b>863,894</b>	<b>13,951</b>	<b>15,882,831</b>

<sup>(1)</sup> The futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding futures at the end of year included in "Receivables from clearing house and brokers". As at 31 December 2020, fair value of derivative liabilities - futures (net) is Baht 127 million.

(Unit: Thousand Baht)

	31 December 2019		
	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Derivatives warrants	-	16,801	3,064,554
Futures <sup>(1)</sup>	-	-	1,656,835
<b>Total</b>	<b>-</b>	<b>16,801</b>	<b>4,721,389</b>

<sup>(1)</sup> The futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding futures at the end of year included in "Receivables from clearing house and brokers". As at 31 December 2019, fair value of derivative assets - futures (net) is Baht 24 million.

Derivatives warrants are cash settlement between the closing price of underlying equities as at last trading day and the exercise price.

### 9.1 Proportion of the derivatives classified by type of contractual parties by notional amount

(Unit: Thousand Baht)

Type of parties	31 December 2020		31 December 2019	
	Proportion based on contract amount		Proportion based on contract amount	
	Assets	Liabilities	Assets	Liabilities
	(percent)	(percent)	(percent)	(percent)
Third parties	100	100	-	100
<b>Total</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>

## 10. Investments

### 10.1 Cost and fair value

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
	Fair value / Amortised cost	Fair value / Book value
<b><u>Fair value</u></b>		
Investments measured at fair value through profit or loss		
Trading securities		
Marketable equity instruments in domestic market	2,734,520	1,625,617
Total	2,734,520	1,625,617
Investments designated at fair value through other comprehensive income		
Non-marketable equity instruments in domestic market	12,338	-
Total	12,338	-
<b><u>Amortised cost</u></b>		
Investments measured at amortised cost		
Fixed deposits	3,000,004	-
Deposits with restriction	3,530	-
Government bonds	5,658,509	-
Less: Investments held for customers	(8,658,509)	-
Less: Allowance for expected credit losses	(7)	-
Total	3,527	-
Held-to-maturity securities		
Fixed deposits	-	4
Deposits with restriction	-	3,529
Government bonds	-	11,326,671
Less: Investments held for customers	-	(11,326,671)
Total	-	3,533
<b><u>Cost</u></b>		
General investments		
Equity securities	-	24,420
Less: Allowance for impairment	-	(14,663)
Total	-	9,757
Investments	2,750,385	1,638,907

## 10.2 Investments in deposits at financial institutions and investments in debt instruments classified by remaining period of contracts

(Unit: Thousand Baht)

31 December 2020				
	Within 1 year	1 - 5 years	No maturity	Total
<b>Investments measured at amortised cost</b>				
Fixed deposits	3,000,004	-	-	3,000,004
Deposits with restriction	-	-	3,530	3,530
Government bonds	5,658,509	-	-	5,658,509
Less: Investments held for customers	(8,658,509)	-	-	(8,658,509)
Less: Allowance for expected credit losses	-	-	(7)	(7)
<b>Total</b>	<b>4</b>	<b>-</b>	<b>3,523</b>	<b>3,527</b>

(Unit: Thousand Baht)

31 December 2019				
	Within 1 year	1 - 5 years	No maturity	Total
<b>Held-to-maturity securities</b>				
Fixed deposits	4	-	-	4
Deposits with restriction	-	-	3,529	3,529
Government bonds	11,326,671	-	-	11,326,671
Less: Investments held for customers	(11,326,671)	-	-	(11,326,671)
<b>Total</b>	<b>4</b>	<b>-</b>	<b>3,529</b>	<b>3,533</b>

## 10.3 Investment in equity instruments designated at fair value through other comprehensive income

(Unit: Thousand Baht)

31 December 2020					
Investment	Reason for using option in presentations as mentioned	Fair value	Dividend received	Retained earnings or retained losses transferred in owner's equity	reason to transfer
TSFC Securities Public Company Limited	Intend to hold for long-term	10,167	281	-	-
Others	Intend to hold for long-term	2,171	88	-	-
<b>Total</b>		<b>12,338</b>	<b>369</b>	<b>-</b>	

## 11. Loans

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Loan that the credit risk has not increased significantly		
Not over 1 year	31,175	32,362
Over 1 year	185,678	205,447
Less: Allowance for expected credit losses	(13)	-
Loans	216,840	237,809

## 12. Allowance for expected credit losses / Allowance for doubtful accounts

	(Unit: Thousand Baht)
	Allowance for expected credit losses
	31 December 2020
Cash and cash equivalents	386
Securities and derivatives business receivables	252,677
Investments	7
Loans	13
Other assets - accrued interest	10
Total	253,093



As at 31 December 2020 and 2019, allowance for expected credit losses / allowance for doubtful accounts of securities and derivatives business receivables are as follows:

(Unit: Thousand Baht)

	31 December 2020				
	Allowance for expected credit losses			Allowance for doubtful accounts	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Beginning balance	-	-	-	251,621	251,621
Changes due to adoption of new financial reporting standards	2,247	14	251,685	(251,621)	2,325
	2,247	14	251,685	-	253,946
Changes due to staging	30	(10)	(20)	-	-
Changes due to revaluation of allowance for credit losses	(1,594)	(4)	95	-	(1,503)
New financial assets purchased or acquired	101	-	134	-	235
Derecognition of financial assets	(1)	-	-	-	(1)
Ending balance	783	-	251,894	-	252,677

(Unit: Thousand Baht)

For the year ended  
31 December 2019

Balance - beginning of the year	252,438
Add: Doubtful accounts	389
Less: Reversal of doubtful accounts	(1,206)
Balance - end of the year	251,621

### 13. Equipment

(Unit: Thousand Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease - Motor vehicles	Assets under installation	Total
<b>Cost</b>					
1 January 2019	216,854	609,434	34,241	8,129	868,658
Additions	2,309	20,599	-	7,669	30,577
Transfer in (out)	4,490	11,300	-	(15,790)	-
Disposals/written-off	(20,746)	(44,115)	-	-	(64,861)
31 December 2019	202,907	597,218	34,241	8	834,374
The adjustments of right-of-use assets due to TFRS 16 first-time adoption	-	-	(34,241)	-	(34,241)
1 January 2020	202,907	597,218	-	8	800,133
Additions	2,257	8,733	-	11,406	22,396
Transfer in (out)	6,982	1,502	-	(8,484)	-
Disposals/written-off	(14,214)	(71,077)	-	-	(85,291)
31 December 2020	197,932	536,376	-	2,930	737,238
<b>Accumulated depreciation</b>					
1 January 2019	198,534	542,779	27,924	-	769,237
Depreciation for the year	7,396	37,071	3,742	-	48,209
Disposals/written-off	(19,547)	(43,719)	-	-	(63,266)
31 December 2019	186,383	536,131	31,666	-	754,180
The adjustments of right-of-use assets due to TFRS 16 first-time adoption	-	-	(31,666)	-	(31,666)
1 January 2020	186,383	536,131	-	-	722,514
Depreciation for the year	5,595	23,645	-	-	29,240
Disposals/written-off	(12,713)	(70,802)	-	-	(83,515)
31 December 2020	179,265	488,974	-	-	668,239
<b>Net book value</b>					
31 December 2019	16,524	61,087	2,575	8	80,194
31 December 2020	18,667	47,402	-	2,930	68,999
Depreciation charge for the years ended 31 December					
2019					48,209
2020					29,240

As at 31 December 2020 and 2019, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment) of those assets amounted to approximately Baht 636 million and Baht 653 million, respectively.

## 14. Leases

The Company has lease contracts used in its operations. Leases generally have lease terms between 1 - 3 years.

### 14.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)		
	Buildings	Motor vehicles	Total
<b>Cost</b>			
1 January 2020 - changes from adoption of new financial reporting standards	440,887	34,241	475,128
Additions	9,659	-	9,659
31 December 2020	450,546	34,241	484,787
<b>Accumulated depreciation</b>			
1 January 2020	-	31,666	31,666
Depreciation for the year	99,027	1,625	100,652
31 December 2020	99,027	33,291	132,318
<b>Net book value</b>			
1 January 2020	440,887	2,575	443,462
31 December 2020	351,519	950	352,469

(1) Balance before deducting depreciation amounting to THB 1 million baht as a result from election of temporary relief measures by the Company.

### 14.2. Lease liabilities

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Lease payments	351,296	4,208
Less: Deferred interest expenses	(14,697)	(205)
Total	336,599	4,003

A maturity analysis of lease payments is disclosed in Note 41 under the liquidity risk.

### 14.3 Expenses related leases that are recognised in profit or loss.

(Unit: Thousand Baht)

For the years ended  
31 December 2020

Depreciation of right-of-use assets	100,652
Interest expense on lease liabilities	7,537
Expense relating to short-term lease	2,885
<b>Total</b>	<b>111,074</b>

The Company had total cash outflows for lease for the year ended 31 December 2020 of Baht 90 million.

## 15. Intangible assets

(Unit: Thousand Baht)

For the year ended 31 December 2020										
		Cost				Accumulated amortization				Net intangible assets
		1 January	Increase	Transfer in (transfer out)	Written-off	31 December	1 January	Increase	Written-off	31 December
	Useful lives	2020				2020	2020			2020
Computer software	5 years	167,771	2,156	693	(5,979)	164,641	147,802	6,740	(1,111)	153,431
Software under installation	-	2,882	7,277	(693)	-	9,466	-	-	-	-
Membership fee - Thailand										
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679
<b>Total</b>		<b>175,653</b>	<b>9,433</b>	<b>-</b>	<b>(5,979)</b>	<b>179,107</b>	<b>149,481</b>	<b>6,740</b>	<b>(1,111)</b>	<b>155,110</b>

(Unit: Thousand Baht)

For the year ended 31 December 2019										
		Cost				Accumulated amortization				Net intangible assets
		1 January	Increase	Transfer in (transfer out)	Written-off	31 December	1 January	Increase	Written-off	31 December
	Useful lives	2019				2019	2019			2019
Computer software	5 years	153,406	4,056	10,309	-	167,771	137,418	10,384	-	147,802
Software under installation	-	3,402	9,789	(10,309)	-	2,882	-	-	-	-
Membership fee - Thailand										
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679
<b>Total</b>		<b>161,808</b>	<b>13,845</b>	<b>-</b>	<b>-</b>	<b>175,653</b>	<b>139,097</b>	<b>10,384</b>	<b>-</b>	<b>149,481</b>

As at 31 December 2020 and 2019, certain computer software items have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those intangible assets amounted to approximately Baht 138 million and Baht 127 million, respectively.

## 16. Deferred tax assets/liabilities and income tax

### 16.1 Deferred tax assets/liabilities

The component of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
<b>Deferred tax assets</b>		
Allowance for impairment losses - other assets	3,191	7,917
Provisions for long-term employee benefits	52,875	47,504
Unrealised loss on revaluation of derivatives	24,305	-
Leases	2,359	-
Others	2,052	2,469
<b>Total</b>	<b>84,782</b>	<b>57,890</b>
<b>Deferred tax liabilities</b>		
Unrealised gains on exchange rate	(3,729)	(3,079)
Unrealised gain on revaluation of investments	(127,827)	(2,097)
Unrealised gain on revaluation of derivatives	-	(4,952)
Others	(107)	(554)
<b>Total</b>	<b>(131,663)</b>	<b>(10,682)</b>
<b>Deferred tax assets - net</b>	<b>(46,881)</b>	<b>47,208</b>

### 16.2 Income tax

Income tax for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
<b>Current income tax:</b>		
Corporate income tax for the year	21,111	71,522
Adjustment of corporate income tax of previous years	895	1,354
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	93,625	(9,141)
<b>Income tax reported in profit or loss</b>	<b>115,631</b>	<b>63,735</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Deferred tax relating to gain on investments in equity instruments designated at fair value through other comprehensive income	69	-
Deferred tax relating to actuarial gains	-	2,384

The reconciliation between accounting profit and income tax is shown below.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Accounting profits before tax	600,082	318,480
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	120,016	63,696
Adjustment of income tax of previous years	895	1,354
Tax effect of non-deductible tax revenue or expenses	(5,280)	(1,315)
Income tax reported in profit or loss	115,631	63,735

## 17. Other assets

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Prepaid expenses	21,891	107,076
Clearing fund and security deposits	213,923	176,515
Accrued service and interest income	68,953	30,305
Deposits	39,926	44,742
Property foreclosed	15,887	15,887
Income tax receivables	62,518	-
Others	58,832	59,223
Total	481,930	433,748
Less: Allowance for impairment loss	(15,957)	(39,587)
Less: Allowance for expected credit losses	(10)	-
Other assets	465,963	394,161

## 18. Borrowings from financial institutions

As at 31 December 2020 and 2019, borrowings from financial institutions comprise only domestic borrowings in Baht currency which are classified as follows:

(Unit: Thousand Baht)			
31 December 2020			
	Interest rate per annum (percent)	Remaining years to maturity	
		At call	Within 1 year
Total			
Promissory notes	0.85 - 1.95	5,050,000	-
Borrowings from financial institutions		5,050,000	-

(Unit: Thousand Baht)			
31 December 2019			
	Interest rate per annum (percent)	Remaining years to maturity	
		At call	Within 1 year
Total			
Promissory notes	1.60 - 1.75	1,300,000	-
Borrowings from financial institutions		1,300,000	-

## 19. Payables to clearing house and brokers

(Unit: Thousand Baht)		
	31 December 2020	31 December 2019
Payables to clearing house	-	499,472
Payables to foreign brokers	13,934	8,731
Payables to clearing house and brokers	13,934	508,203

## 20. Securities and derivatives business payables

(Unit: Thousand Baht)		
	31 December 2020	31 December 2019
Cash accounts payables	2,628,464	1,144,994
Guaranteed deposit payables	9,212	-
Payables under securities borrowing and lending business	156,530	101,113
Securities and derivatives business payables	2,794,206	1,246,107



## 21. Debt issued and other borrowings

As at 31 December 2020 and 2019, debt issued and borrowings are classified as follows:

(Unit: Thousand Baht)

	31 December 2020		
	Interest rate per annum (percent)	Remaining years to maturity	
		Within 1 year	1 - 5 years
Bills of exchange	1.00 - 1.30	4,266,449	-
Debenture	1.10 - 2.25	1,340,000	-
Debt issued and other borrowings		5,606,449	-

(Unit: Thousand Baht)

	31 December 2019		
	Interest rate per annum (percent)	Remaining years to maturity	
		Within 1 year	1 - 5 years
Bills of exchange	1.70 - 2.17	7,815,566	-
Debenture	2.35 - 2.45	531,000	-
Debt issued and other borrowings		8,346,566	-

## 22. Provisions

(Unit: Thousand Baht)

	Provisions for			Total
	long-term employee benefits	Decommissioning cost	Others	
Balance at 1 January 2019	183,435	4,390	-	187,825
Increase during the year	54,084	-	1,480	55,564
Balance at 31 December 2019	237,519	4,390	1,480	243,389
The adjustments due to TFRS 16				
first-time adoption	-	28,843	-	28,843
Increase (decrease) during the year	26,854	420	(1,480)	25,794
Balance at 31 December 2020	264,373	33,653	-	298,026

### 23. Provisions for long-term employee benefits

As at 31 December 2020 and 2019, provision for long-term employee benefits are as follows:

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Defined benefit obligation at beginning of year	237,519	183,435
Current service cost	33,652	34,063
Interest cost	3,816	3,275
Past service cost	-	41,500
Actuarial (gains) losses		
Demographic assumption changes	-	(5,541)
Financial assumptions changes	-	16,780
Experience adjustments	-	(23,160)
Benefits paid during the year	(10,614)	(12,833)
Defined benefit obligation at end of year	264,373	237,519

The Company expects to pay Baht 7 million in long-term employee benefits during the next year. As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is about 10 years (31 December 2019: 10 years)

Significant actuarial assumptions are summarised below:

	31 December 2020	31 December 2019
	(% per annum)	(% per annum)
Discount rate	1.62	1.62
Salary increase rate	5.00	5.00
Turnover rate	0.00 - 22.00	0.00 - 22.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	(Unit: Million Baht)			
	31 December 2020		31 December 2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(21)	24	(19)	22
Salary increase rate	27	(24)	22	(20)
Turnover rate	(22)	15	(20)	14

## 24. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2020	31 December 2019
Accrued expenses	262,169	119,045
Liabilities under finance lease agreements	-	4,003
Dividend payable	916	916
Others	60,987	29,994
Other liabilities	324,072	153,958

## 25. Share capital

	31 December 2020		31 December 2019	
	Number	Amount	Number	Amount
	of share		of share	
	(Thousand share)	(Thousand Baht)	(Thousand share)	(Thousand Baht)
Issued share capital				
(Par value at Baht 5 each)	572,250	2,861,250	572,250	2,861,250
Paid-up share capital				
(Par value at Baht 5 each)	570,815	2,854,073	570,815	2,854,073

## 26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 27. Dividends

Dividends	Approved by	Dividend paid (Million Baht)	Dividend per share (Baht)
Interim dividends for the operating result as from 1 January 2019 to 31 December 2019	Board of Directors' meeting on 27 March 2020	103	0.18
Interim dividend for the operating result as from 1 January 2020 to 30 June 2020	Board of Directors' meeting on 14 August 2020	57	0.10
Dividend paid during the year ended 31 December 2020		160	0.28
Dividends for the operating result as from 1 January 2018 to 31 December 2018	Annual General Meeting of the shareholders on 1 April 2019	160	0.28
Interim dividends from retain earnings	Board of Directors' meeting on 6 August 2019	388	0.68
Dividend paid during the year ended 31 December 2019		548	0.96

## 28. Brokerage fees income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Brokerage fees income from securities business	1,792,756	1,282,929
Brokerage fees income from derivatives business	183,692	138,264
Brokerage fees income	1,976,448	1,421,193

## 29. Fees and service income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Underwriting fee	46,980	1,528
Financial advisory	59,246	61,025
Securities borrowing and lending	4,723	5,851
Others	28,139	5,712
Fees and service income	139,088	74,116

## 30. Interest income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Interest income on margin loans	426,683	565,373
Interest income on bank deposits and government bonds	117,014	193,645
Interest income on staff loans	4,526	5,086
Total interest income	548,223	764,104

## 31. Gain (loss) and returns on financial instruments

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Gain on trading investments	293,921	162,811
Loss on trading derivatives	(271,284)	(124,505)
Dividend income	79,231	35,741
Gain and returns on financial instruments	101,868	74,047

### 32. Interest expense

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Interest expenses on customer's deposit	111,761	150,299
Interest expenses on debt issued and other borrowings	92,173	135,209
Interest expenses on borrowing from financial institutions	27,110	41,069
Interest expenses on lease liabilities	7,537	370
Interest expense	238,581	326,947

### 33. Expected credit losses

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Cash and cash equivalents	133	-
Securities and derivative business receivables (reversal)	(1,269)	-
Loans (reversal)	(6)	-
Other assets	10	-
Reversal of expected credit losses	(1,132)	-

### 34. Other expenses

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Depreciation and amortisation	135,228	58,594
Rental and service expenses	7,767	98,460
Utility expenses	12,174	14,509
Maintenance expenses	83,545	66,067
Taxes and duties	16,694	23,824
Travelling expenses	21,651	26,068
Telephone and information service expenses	43,910	56,996
Others	114,130	120,473
Other expenses	435,099	464,991

### 35. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries, bonus, and related benefits payable to executive directors) paid to directors of the Company in accordance with Section 90 of the Public Limited Companies Act.

### 36. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 3 - 15 percent of basic salary and the Company contributed to the fund monthly at the rate of 5 - 10 percent. The funds of the Company are managed by TMB Asset Management Company Limited and Aberdeen Standard Asset Management (Thailand) Company Limited. The funds will be paid to employees upon termination in accordance with the fund rules. During the years ended 31 December 2020 and 2019 amounting to approximately Baht 44 million and Baht 43 million, respectively, were recognised as expenses.

### 37. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### 38. Related party transactions

During the year, the Company had significant business transactions with the following related parties.

Related parties	Relationship
Malayan Banking Berhad	The ultimate parent company
Maybank Kim Eng Holdings Limited	Parent company
Maybank Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary
Maybank Kim Eng Securities Limited	Fellow subsidiary
Maybank Investment Bank Berhad	Fellow subsidiary of the Group

Such related parties transactions have been concluded on commercial terms and base agreed upon the ordinary course of businesses between the Company and those related parties. Below is a summary of those transactions.

(Unit: Million Baht)

	For the years ended 31 December		Pricing policies
	2020	2019	
<b>Transactions with related parties</b>			
<u>Brokerage fees income</u>			At normal rate charged to other clients
Maybank Kim Eng Securities Pte. Ltd.	148	134	which is in accordance with SET's and
Kim Eng Securities (Hong Kong) Limited	6	14	SEC's notification
<u>Research and advisory service income</u>			In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	33	43	
<u>Financial advisory income</u>			In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	40	-	
<u>Other service income</u>			In accordance with the agreement
Malayan Banking Berhad	1	-	
<u>Fees and service expenses</u>			In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	1	2	
<u>Brokerage fees expenses</u>			In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	4	1	
Maybank Kim Eng Securities Limited	1	1	
<u>Research and advisory service expenses</u>			In accordance with the agreement
Maybank Kim Eng Research Pte. Ltd.	6	9	
<u>Dividend paid</u>			As declared
Maybank Kim Eng Holdings Limited	133	456	
Maybank Kim Eng Securities Pte. Ltd.	-	1	



As at 31 December 2020 and 2019, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	31 December 2020	31 December 2019	Pricing Policies
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	224	276	
Kim Eng Securities (Hong Kong) Limited	3	221	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	16	-	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	523	438	Kim Eng Securities Pte. Ltd.
<u>Accrued financial advisory income</u>			In accordance with the agreement
Maybank Kim Eng Securities Pte. Ltd.	40	-	
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	-	42	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	22	9	
<u>Foreign deposit payables</u>			No interest charged
Kim Eng Securities (Hong Kong) Limited	12	10	
<u>Other payables</u>			In accordance with the agreement
Maybank Investment Bank Berhad	2	3	

As at 31 December 2020, Maybank Kim Eng Holdings Limited guaranteed the overdraft facilities of the Company amounting to Baht 30 million (31 December 2019: Baht 30 million). There is no overdraft outstanding balance as at 31 December 2020 (31 December 2019: none).

### 38.1 Loans to employees

As at 31 December 2020, the Company has loans to employees under welfare program amounting to Baht 217 million. The loans charged interest at rate of 0.48 and 2.00 percent per annum (31 December 2019: Baht 238 million, interest at rate 1.48 and 2.10 percent per annum).

### 38.2 Management's remuneration

During the years ended 31 December 2020 and 2019, benefits paid to management of the Company, which presented as part of "Employee benefit expenses" are as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2020	2019
Management's remuneration		
Short-term employee benefits	95	93
Post-employment benefits	16	18
Total	111	111

### 39. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have two reportable segments as follows:

- Securities business segment, which provide service according to securities brokering and derivative brokering, securities trading of the Company and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory and corporate finance advisory.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The following tables present revenue and profit information regarding the Company's operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)			
	Securities business segment	Investment banking segment	Total segments
<b>For the year ended 31 December 2020</b>			
<b>Income</b>			
Revenue from external customers			
Brokerage fees income	1,977	-	1,977
Fees and service income	15	124	139
Interest income	548	-	548
Gains and returns on financial instruments	102	-	102
Other income	52	-	52
<b>Total income</b>	<b>2,694</b>	<b>124</b>	<b>2,818</b>
<b>Expenses</b>			
Employee benefit expenses			1,334
Fees and service expenses			211
Interest expenses			239
Reversal of expected credit losses			(1)
Other expenses			435
<b>Total expenses</b>			<b>2,218</b>
<b>Profit before income tax</b>			<b>600</b>
Income tax			(116)
<b>Profit for the year</b>			<b>484</b>

(Unit: Million Baht)			
	Securities business segment	Investment banking segment	Total segments
<b>For the year ended 31 December 2019</b>			
<b>Income</b>			
Revenue from external customers			
Brokerage fees income	1,421	-	1,421
Fees and service income	11	63	74
Interest income	764	-	764
Gains and returns on financial instruments	74	-	74
Other income	70	-	70
<b>Total income</b>	<b>2,340</b>	<b>63</b>	<b>2,403</b>
<b>Expenses</b>			
Employee benefit expenses			1,119
Fee and service expenses			174
Interest expense			327
Reversal of bad debt and doubtful accounts			(1)
Other expenses			465
<b>Total expenses</b>			<b>2,084</b>
<b>Profit before income tax</b>			<b>319</b>
Income tax			(64)
<b>Profit for the year</b>			<b>255</b>

The following table presents segment assets of the Company's operating segments as at 31 December 2020 and 2019.

(Unit: Million Baht)					
	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
<b>Segment assets</b>					
As at 31 December 2020	13,653	2	13,655	5,431	19,086
As at 31 December 2019	12,887	14	12,901	3,237	16,138

#### Geographic information

The Company operates only in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusive to this geographical reportable segment.

#### Major customers

For the years ended 31 December 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### **40. Commitments and contingent liabilities**

#### **40.1 Litigation**

As at 31 December 2019, the Company had disclosed legal disputes in the court that totaling to approximately Baht 55 million. At the present, such disputes had been finalised and the Company was not liable to pay the litigant.

As at 31 December 2020, the Company has no legal disputes in the court.

### **41. Risk management**

#### **Financial risk management objectives and policies**

The Company's financial instruments principally comprise cash and cash equivalents, receivables from clearing house and brokers, securities and derivatives business receivables, investments, loans, borrowings from financial institutions, payables to clearing house and brokers, securities and derivatives business payables, derivatives liabilities, and debt issued and other borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### **41.1 Credit risk**

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

In relation to impairment of financial assets, TFRS 9 requires the Company to prepare an expected credit loss model. The Company has established and maintain an appropriate credit loss model. The Company periodically reviews the parameters and the data used in the credit loss model.

### ***Securities and derivatives business receivables***

The Company manages the risk by establishing trading limit and credit limit for client, performing regular credit review, requiring collateral placement and setting credit limit authorities at both committee level and individual level, dependent on to credit risk level. The Company also assigns credit committee to control and monitor the credit risk on a regular basis. In addition, the Company has a large number of customer base. Therefore, the Company does not expect to incur material credit losses.

### ***Loans***

The credit risk on loans is limited because this account represents loans to employees under welfare program, with full collateral. In case of default, the Company has a right to proceed legal actions to foreclose the collateral to repay the loans.

### ***Deposits with banks and financial institutions and other financial instruments.***

The credit risk on deposits with banks and financial institutions and investment in debt instruments is limited because the Company deposits with only banks and financial institutions having high credit-ratings assigned by credit-rating agencies. For investment in debt instruments, the Company invests in government bonds which have low credit risk.

## **41.2 Market risk**

The Company has market risk relating to interest rate risk, currency risk and equity price risk. The Company manage its risk exposure as follows.

### **41.2.1 Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash and cash equivalents, securities and derivatives business receivables, investments in debt instruments, loans, borrowings from financial institutions, and debt issued and other borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate because of its short-term in nature. Therefore, net interest rate risk of the Company is limited.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

## Outstanding balance of financial instruments as at 31 December 2020

	Floating interest rate	Fixed interest rates		Without interest	Non- performing debts	Total	Interest rate (% p.a.)	
		Remaining year to the contractual repricing date or maturity date					Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years					
Financial assets								
Cash and cash equivalents	98	-	-	33	-	131	0.05 - 0.61	-
Receivables from clearing house and brokers	-	-	-	1,776	-	1,776	-	-
Securities and derivatives								
business receivables	11,028	-	-	2,261	264	13,553	4.10 - 4.95	-
Investments in debt instruments	-	4	-	-	-	4	-	0.15 - 0.50
Loans	217	-	-	-	-	217	0.48 - 2.00	-
Financial liabilities								
Borrowings from financial institutions	-	5,050	-	-	-	5,050	-	0.85 - 1.95
Payables to clearing house and brokers	-	-	-	14	-	14	-	-
Securities and derivatives								
business payables	-	-	-	2,794	-	2,794	-	-
Derivative liabilities	-	-	-	14	-	14	-	-
Debt issued and other borrowings	-	5,606	-	-	-	5,606	-	1.00 - 2.25

(Unit: Million Baht)

## Outstanding balance of financial instruments as at 31 December 2019

	Floating interest rate	Fixed interest rates		Without interest	Non- performing debts	Total	Interest rate (% p.a.)	
		Remaining year to the contractual repricing date or maturity date					Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years					
Financial assets								
Cash and cash equivalents	267	-	-	96	-	363	0.10 - 1.10	-
Receivables from clearing house and brokers	-	-	-	495	-	495	-	-
Securities and derivatives								
business receivables	11,196	-	-	1,647	264	13,107	5.05 - 5.90	-
Investments in debt instruments	-	4	-	1,635	-	1,639	-	0.08 - 1.00
Loans	238	-	-	-	-	238	1.48 - 2.10	-
Financial liabilities								
Borrowings from financial institutions	-	1,300	-	-	-	1,300	-	1.60 - 1.75
Payables to clearing house and brokers	-	-	-	508	-	508	-	-
Securities and derivatives								
business payables	-	-	-	1,246	-	1,246	-	-
Derivative liabilities	-	-	-	17	-	17	-	-
Debt issued and other borrowings	-	8,347	-	-	-	8,347	-	1.70 - 2.45
Liabilities under financial lease agreements <sup>(1)</sup>	-	2	2	-	-	4	-	4.60 - 6.00

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

### 41.2.2 Foreign exchange risk

The Company has brokerage service for securities listed in stock exchange in overseas. However, foreign exchange risk of the Company is limited because majority of financial assets and financial liabilities denominated in foreign currency belong to clients. In addition, the Company places foreign currency deposit with foreign brokers to manage risk of foreign exchange fluctuation.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2020 and 2019 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Exchange rate		Exchange rate	
	as at		as at		as at 31 December 2020		as at 31 December 2019	
	31 December	31 December	31 December	31 December				
	2020	2019	2020	2019	Buying	Selling	Buying	Selling
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)		(Baht per 1 foreign currency unit)	
US dollar	289	242	279	239	29.8674	31.0658	29.9767	30.3313

### 41.2.3 Equity price risk

The Company has equity price risk of investment in securities measured at fair value and derivatives with equity stock underlying which may substantially impact the value of its investments and derivatives. However, net equity price risk is limited because those trading-equity investments measured at fair value are listed equities held to hedge equity-price risk exposure of the same stocks underlying of derivatives. Both investments and derivatives are measured at fair value through profit or loss.

The Company manages the market risk by compiling software to monitor market price fluctuation of securities and derivatives in order to determine risk management strategy. The Company also manages risk by buying and selling underlying assets. In addition, the Company sets limit to manage such risk, assigns risk department to monitor market risk, and regularly report to the Company's management.



### 41.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The Company manages liquidity risk through monitoring and planning of their cash flows, including the arrangement of credit facilities with financial institutions, in order to ensure that they will have sufficient funds for their operations.

As at 31 December 2020 and 2019, remaining years to maturity of financial instrument, counted from the end of the reporting period, are follows:

(Unit: Million Baht)

	31 December 2020					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts
<b>Financial assets</b>						
Cash and cash equivalents	131	-	-	-	-	-
Receivables from clearing house and brokers	-	1,776	-	-	-	-
Securities and derivatives business receivables	94	2,167	-	-	11,028	264
Investments in debt instruments	-	-	-	-	4	-
Loans	-	31	98	88	-	-
<b>Financial liabilities</b>						
Borrowings from financial institutions	5,050	-	-	-	-	-
Payables to clearing house and brokers	-	14	-	-	-	-
Securities and derivatives business payables	166	2,628	-	-	-	-
Derivatives liabilities	-	14	-	-	-	-
Debt issued and other borrowings	-	5,606	-	-	-	-
Lease liabilities	-	86	251	-	-	-

(Unit: Million Baht)

31 December 2019

	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts	Total
<b>Financial assets</b>							
Cash and cash equivalents	363	-	-	-	-	-	363
Receivables from clearing house and brokers	-	495	-	-	-	-	495
Securities and derivatives business receivables	42	1,605	-	-	11,196	264	13,107
Investments in debt instrument	-	-	-	-	4	-	4
Loans	-	32	105	101	-	-	238
<b>Financial liabilities</b>							
Borrowings from financial institutions	1,300	-	-	-	-	-	1,300
Payables to clearing house and brokers	-	508	-	-	-	-	508
Securities and derivatives business payables	101	1,145	-	-	-	-	1,246
Derivatives liabilities	-	17	-	-	-	-	17
Debt issued and other borrowings	-	8,347	-	-	-	-	8,347
Liabilities under financial lease agreements <sup>(1)</sup>	-	2	2	-	-	-	4

<sup>(1)</sup> Included in "other liabilities" instatement of financial position

## 42. Fair value measurement of financial instruments

The Company applies the market approach in measuring the fair value of assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in the case where there is no active market or a quoted price in active market is not available, the Company is to measure the fair value using assumptions e.g. net book value, the cost method or income approach to measure the assets and liabilities.

#### 42.1 Fair value of financial instruments

As of 31 December 2020 and 2019, the Company had the following financial assets and financial liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2020				
	Book value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets measured at fair value</b>					
Securities and derivatives business receivables					
Receivables under securities borrowing and lending business	93	93	-	-	93
Investments					
Marketable equity instruments in domestic market	2,735	2,735	-	-	2,735
Non-marketable equity instruments in domestic market	12	-	-	12	12
<b>Financial liabilities</b>					
<b>Financial liabilities measured at fair value</b>					
Securities and derivatives business payables					
Payables under securities borrowing and lending business	157	157	-	-	157
Derivatives liabilities <sup>(1)</sup>					
Derivatives warrants	14	14	-	-	14

<sup>(1)</sup> Fair value of derivatives liabilities - futures (net) as at 31 December 2020 amounting to Baht 127 million, included in "Receivables from clearing house and brokers", were measured at fair value by using Level 1 of input.

(Unit: Million Baht)

	31 December 2019				
	Book value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
Investments in trading securities					
Equity instruments	1,626	1,626	-	-	1,626
Derivatives assets <sup>(1)</sup>	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>					
Derivatives liabilities	17	17	-	-	17

<sup>(1)</sup> Fair value of derivatives assets - futures (net) as at 31 December 2019 amounting to Baht 24 million, included in "Receivables from clearing house and brokers", was measured at fair value by using Level 1 of input.

Major of the Company's financial assets and financial liabilities is classified as short term or bear floating interest rates or fixed interest rates which are close to the market rate. Therefore, the Company estimated the fair value approximate to their carrying amounts in the statement of financial position.

The Company estimated the fair value of financial instruments as follow:

- a. For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, receivables from/payables to clearing house and brokers, securities and derivatives business receivables/payables, investments measured at amortised cost and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- b. Fair value of receivable and payables under securities borrowing and lending business is calculated using the latest offer price quoted on the Stock Exchange of Thailand of the last working day.
- c. Fair value of marketable-equity instruments in the domestic market is determined using the latest bid price of the last working day. Fair value of non-marketable equity instruments in the domestic market is determined using current book value of investee.
- d. Fair value of derivative warrants is calculated using to the last offer price quoted on the Stock Exchange of Thailand on the last working day.
- e. Fair value of marketable futures is calculated using the settlement prices quoted on Thailand Futures Exchange Public Company Limited on the last working day.
- f. Fair value of loans is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- g. For long-term loans and lease liabilities carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there is no transfers within the fair value hierarchy.

#### **43. Capital management**

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission. The Company specifies the scope of transactions. Thus, the risk management is assigned to be responsible for closely monitoring NCR figures. During the year, the Company can maintain net capital ratio in accordance with the rules.

#### 44. Event after the reporting period

On 2 February 2021, the meeting of the Company's Board of Directors resolved to approve annual dividends from the operating result as from 1 January 2020 to 31 December 2020 in cash at Baht 0.50 per share, or a total of Baht 285 million. The cash dividend payments will be made on 28 April 2021.

#### 45. Reclassifications

The Company has reclassified certain accounts to comply with the Notification of SEC relating to the format of financial statements of securities companies (version 3) No. SorThor. 6/2562 dated 8 January 2019. The details are as follows.

	(Unit: Thousand Baht)	
	For the year ended 31 December 2019	
	As reclassified	As previously reported
Interest on margin loans	-	565,373
Interest income	764,104	-
Gain (loss) and return on financial instruments	74,047	267,692
Other income	69,459	74,545

The reclassifications had no effect to previously reported profit or owners' equity.

#### 46. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 2 February 2021.

Maybank Kim Eng Securities (Thailand) Public Company Limited

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